UNITED STATES DISTRICT COURT DISTRICT OF MASSACHUSETTS

IN THE MATTER OF THE PETITION)	
OF KAVANAGH FISHERIES, INC.,)	
OWNER OF THE F/V ATLANTIC)	CIVIL ACTION NO. 05-10637-GAO
FOR EXONERATION FROM OR)	
LIMITATION OF LIABILITY)	

AUTOMATIC DISCLOSURE BY THE PETITIONER, KAVANAGH FISHERIES, INC.

The petitioner, Kavanagh Fisheries, Inc., by its attorneys, submits copies of the following documents to the plaintiff, in accordance with the provisions of Local Rule 26.2, and the Federal Rules of Civil Procedure 26(a)(1).

FEDERAL RULES OF CIVIL PROCEDURE 26(A)(1) INITIAL DISCLOSURE

A. <u>Individuals Likely to Have Discoverable Information</u>

Captain Peter Barz 4002 North Main Street, Apt. 510 Fall River, MA 02720

Minh Tong Nguyen 60 Ventura Lane New Bedford, MA 02745

Karol Stepniewski 439 Michigan Avenue Lawrenceville, NY 08698

Boguslaw Kowalski 5081 Winnfield Court Bensalem, PA 19020

Michal Orlowski 3258 Knights Road Bensalem, PA 19020 Patrick Kavanagh Kavanagh Fisheries, Inc. 84 Front Street New Bedford, MA 02740

Gerald Conneely (F/V RETRIEVER) 29 Lookout Road Medford, MA 02155

Captain and/or crewmembers of the F/V DONA MARTITA.

Captain and/or crewmembers of the F/V RETRIEVER.

Captain and/or crewmembers of the F/V NORDIC EXPLORER.

Various workers at Mass Fabrication and Welding, which repaired the damage to the F/V ATLANTIC.

The Captain and crew of the M/V ZIM SHENZHEN.

Surveyors of both vessels.

B. **Relevant Documents**

- 1. CG2692 of the F/V ATLANTIC.
- 2. Logs of the F/V ATLANTIC.
- 3. Photographs of the F/V ATLANTIC, the M/V ZIM SHENZHEN and of cargo damage.
- 4. Survey reports concerning damage to both vessels.
- 5. Bills and repair records for repairs done to the F/V ATLANTIC.
- 6. Bills of surveyors, investigators, etc.
- 7. Bills of Lading.

The claimants are believed to be in possession of several of these documents, including the CG2692, and various survey reports. If not, copies will be produced.

-3-

C. <u>Damages</u>

See part B, Relevant Documents, above. Repair damages to the F/V ATLANTIC were in the amount of \$62,000.00, not including loss of use.

D. <u>Insurance Policy</u>

Enclosed please find insurance policies covering the F/V ATLANTIC.

SIGNED UNDER THE PAINS OF PERJURY THIS 30th DAY OF JULY, 2006.

For the Petitioner, Kavanagh Fisheries, Inc., By its attorneys,

REGAN & KIELY LLP

/s/ Joseph A. Regan

Joseph A. Regan, Esquire (BBO #543504) 88 Black Falcon Avenue, Suite 330 Boston, MA 02210 (617)723-0901 jar@regankiely.com

COMMERCIAL HULL DECLARATIONS

NAME AND ADDRESS OF AGENCY 07731

(508) 993-7411

Smithwick & Mariners Insurance, Inc. 77 North Water Street New Bedford, MA 02740

NAME AND ADDRESS OF INSURED

Kavanagh Fisheries Inc. C/O Dawsons Boat Settlements 84 Front Street New Bedford, MA 02740 NAME AND ADDRESS OF INSURANCE COMPANY

Acadia Insurance Company One Acadia Commons P.O. Box 9010 Westbrook, ME 04098-5010

POLICY NUMBER: CHA 0111368 - 11

POLICY PERIOD

February 28, 2005 to February 28, 2006

12:01 A.M. STANDARD TIME AT PLACE OF ISSUE

COVERAGES		LIMITS OF INSURANCE	DEDUCTIBLE	PREMIUM
HULL		See AIOM17	See AIOM17	6,000
TERRORISM PREMIUM				61
OPTIONAL ENDORSEMENTS		See Attached	See Attached	100
			TOTAL PREMIUM	6,161
This policy is:	Direct Bill	1 Pav Plan		

This policy is: __Direct Bill _ 1 Pay Plar X Agency Billed

LOSS PAYEE: See Attached

Forms Applicable to this policy:

AIOM17 (11-99), AIOM18 (01-93), AIOM19 (01-93), AIOM33 (01-93), AIOM37 (01-93), AIOM49 (04-99), AIOM73 (02-00), AIOM80 (02-00). GU206 (06-92).

This policy shall be warranted as per FORMS ATTACHED. THIS POLICY SHALL IN UNLESS ENDORSEMENT ISSUED BY THIS COMPANY IS ATTACHED HERETO, AND ACCEPTED SUBJECT TO THE FOREGOING STIPULATIONS AND CONDITIONS WHICH SPECIALLY REFERRED TO AND MADE A PART OF THIS POLICY, together with provisions, agreements or conditions as may be endorsed hereon or added no officer, agent or other representative of this Company shall have provision of the deemed to have waived any provision or condition of this Policy waiver, if any, shall be written upon or attached hereto, nor shall any permission affecting this insurance under this Policy exist or be considered unless so written or attached. This Company, indicated above the Insured, named above, for account of themselves, in consideration and stipulations hereinafter mentioned.	E VALID DE AND HEREBY other o; and waive such ge or / the sure mium
IN WITNESS Whereof, this Company has caused this policy to be executed but this policy shall not be valid unless countersigned on the declarated duly authorized representative of this Company.	ted, by a

DATED:	

COUNTERSIGNED BY:

AUTHORIZED REPRESENTATIVE

OM - Commercial Hull Policy Number CHA 0111368-11

ENDORSEMENT

This endorsement, effective 02/28/2005, forms a part of policy no. CHA 0111368-11 issued to Kavanagh Fisheries Inc. by

In consideration of premiums charged, it is hereby understood and agreed that the following changes have been made.

Form AI OM 17 11 99 SP-39C is amended to read: Beginning and ending at 12:01AM Standard Time at place of issuance.

The Navigation Warranty wording shown under the Special Terms and Conditions page of this policy is deleted.

The limits under this policy are excess of \$1,000,000 coverage being written by Zurich American Insurance Company.

AI OM 17 11 99 SP-39C

TAYLOR 1953 (Rev. 70)

In consideration of the premium and the stipulations, terms and conditions hereinafter mentioned, this Company 2 does hereby insure:

3 Assured

4 Kavanagh Fisheries Inc.

6 Whose address is C/O Dawsons Boat Settlements 84 Front Street New Bedford, MA 02740

7 Loss, if any, payable to

8 9 First :

First Insurance Funding Corp. 450 Skokie Blvd. Northbrook, IL 60065 With respect to Vessel # 1 shown in the Schedule.

10 Upon the SEE SCHEDULE called SEE SCHEDULE

11 Her hull, tackle, apparel, engines, boilers, machinery, appurtenances, equipment, stores, boats and furniture

12 From February 28, 2005

13 Until February 28, 2006

Beginning and ending at noon Standard Time at place of issuance.

AMOUNT INSURED HEREUNDER RATE PREMIUM AGREED VALUATION

SEE SCHEDULE ATTACHED

- Touching the adventures and perils which this Company is contented to bear and take upon itself, they are
- 16 of the waters named herein, fire, lightning, earthquake, assailing thieves, jettisons, barratry of the master and
- 17 mariners and all other like perils that shall come to the hurt, detriment or damage of the vessel named herein.
- This insurance also covers loss of or damage to the vessel named herein caused by explosion on shipboard or

19 elsewhere.

This insurance also covers loss of or damage to the vessel named herein directly caused by:

Accidents in loading, discharging or handling cargo or in bunkering;

Accidents in going on or off, or while on drydocks, graving docks, ways, marine railways, gridirons or

23 pontoons;

- Breakdown of motor generators or other electrical machinery and electrical connections thereto, bursting
- of boilers, breakage of shafts, or any latent defect in the machinery or hull, (excluding the cost and

expense of replacing or repairing the defective part);

- Breakdown of or accidents to nuclear installations or reactors not on board the vessel named herein;
- Contact with aircraft, rockets or similar missiles, or with any land conveyance;
- Negligence of charterers and/or repairers, provided such charterers and/or

repairers are not assured(s)

30 hereunder;

Negligence of master, mariners, engineers or pilots;

31 32 provided such loss or damage has not resulted assured, the owners or managers from want of due diligence by the

33 of the vessel, or any of them.

salvage and special charges payable as provided in the contract General average, of affreightment, or fail-

35 ing such provision, or there be no contract of affreightment, payable in accordance with the laws and usages

36 of the port of New York. Provided always that when an adjustment according to the laws and usages of the

of destination is properly demanded by the owners of the cargo, general average 37 port shall be paid in accord-

38 ance with same.

And it is further agreed that if the vessel named herein and/or her tow, if any, shall come into collision with any

40 other ship or vessel other than her tow, if any, and the assured in consequence of the vessel named herein being at

41 fault shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in

42 respect of such collision, this Company will pay its proportion of such sum or sums so paid as the amount insured

43 hereunder bears to the agreed valuation of the vessel named herein, provided always

that this Company's liability in

44 respect of any one such collision shall not exceed the amount insured hereunder. And
in cases where the liability of

vessel named herein has been contested or proceedings have been taken to limit 45 the

liability, with the consent in writ-46 ing of this Company, this Company will also pay a like proportion of the costs which the assured shall thereby incur,

or be compelled to pay; but when both vessels are to blame, then, unless the liability of the owners of one or both such 47 or

48 vessels becomes limited by law, claims under this Collision Liability Clause shall be settled on the principle of cross-

49 liabilities as if the owners of each vessel had been compelled to pay to the owners of the other of such vessels such

50 one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance

51 or sum payable by or to the assured in consequence of such collision. Provided always that this clause shall in no

52 case extend to any sum which the assured may directly, indirectly, or otherwise incur or become liable to pay or

destruction or abatement of, or any attempt or failure or 53 shall pay for: removal, neglect to remove, destroy or abate

54 obstructions or wrecks and/or their cargoes or any hazard resulting therefrom; loss of, or damage to, or expense,

55 including demurrage and/or loss of use thereof, in connection with any fixed or movable

object, property or thing 56 of whatever nature (excepting other vessels and property thereon); loss of or damage to her tow; cargo, baggage

57 or engagements of the vessel named herein or of her tow; or for loss of life of, or injury to, or illness of,

58 any And provided also that in the event of any claim under this clause being person. made by anyone other than the own-

ers of the vessel named herein, he shall not be entitled to recover in respect of any liability to which the owners of the 59 ers of

60 vessel as such would not be subject, nor to a greater extent than the owners would be entitled in such event to recover.

of any loss or misfortune it shall be lawful and necessary for the In case 61 assured, their factors, servants and

62 assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the vessel named herein,

63 or any part thereof, without prejudice to this insurance, to the charges whereof this Company will contribute as here-

provided. 64 inafter It is agreed that the acts of the assured or this Company, or their agents, in recovering,

65 saving and preserving the property insured in case of disaster shall not be considered a waiver or an acceptance 66 of an abandonment, nor as affirming or denying any liability under this policy; but

such acts shall be con-

67 sidered as done for the benefit of all concerned, and without prejudice to the rights

of either party.

Warranted that in case of any casualty or loss which may result in a claim under this policy the assured shall 69 give this Company prompt notice thereof and reasonable opportunity to be represented on

a survey of the damage,

70 each party to name a surveyor, which two surveyors shall proceed to draw specifications as to the extent of the

71 damage and the work required to make the damage good. If the two surveyors agree, such specifications shall be
72 binding on both this Company and the assured, subject nevertheless to policy terms and

72 binding on both this Company and the assured, subject nevertheless to policy terms and conditions and the question

73 of whether or not the disaster and resulting loss or damage are covered by this policy.
In the event the two survey-

74 ors cannot agree, they must select an umpire, and in the event they cannot agree upon an umpire, either party

75 hereto may apply to the United States District Court for the district in which the home port of the vessel named

6 herein is located for the appointment of an umpire, pursuant to the United States
Arbitration Act. The decision of

77 the umpire so appointed shall have the same force and effect as the specifications aforesaid. When specifications

78 have been drawn in either of the modes aforesaid, if the Company shall be dissatisfied with the terms which the

79 assured may obtain for the repair of the damage as specified by said survey, then this Company may require the

80 surveyors or the umpire to submit the specifications prepared as aforesaid to such shipyard, repair men, boat build-

81 ers and shipwrights, as may be selected by such surveyors or the umpire, with a request for bids for such repairs.

82 If after reception of such bids, the assured shall elect to accept some other bid than that of the lowest bidder, this
83 Company shall be liable only for its proportion of so much of the sum actually expended

to effect repairs
84 specified by the surveyors for its account as does not exceed said lowest bid. In no
event however shall this

event however shall this
85 Company respond for an amount in excess of its proportion of the amount actually expended by the assured in

86 effecting such repairs.

With respect to physical loss or damage to the vessel named herein this Company shall be liable only for such proportion of such loss or damage as the amount insured hereunder bears to the agreed valuation.

In the event of expenditure under the sue and labor clause, this Company will pay the proportion of such

90 expenses that the amount insured hereunder bears to the agreed valuation of the vessel named herein, or that the

91 amount insured hereunder, less loss and/or damage payable under this policy, bears to the actual value of the

92 salved vessel, whichever proportion shall be less.

93 When the contributory value of the vessel named herein is greater than the agreed valuation stated herein

94 the liability of this Company for general average contribution (except in respect of amount made good to the

95 vessel) or salvage shall not exceed that proportion of the total contribution due from the vessel that the amount
96 insured hereunder bears to the contributory value; and if because of damage for which

this Company is liable as 97 particular average the value of the vessel has been reduced for the purpose of

contribution, the amount of the 98 particular average claim under this policy shall be deducted from the amount insured

hereunder and this Com-99 pany shall be liable only for the proportion which such net amount bears to the contributory value.

The sum of \$ SEE SCHEDULE shall be deducted from the total amount of any or all claims (including claims

101 for sue and labor, collision liability, general average and salvage charges) resulting from any one accident. This

102 deduction does not apply to claims for total or constructive total loss. For the purpose of this clause each accident

103 shall be treated separately, but it is agreed that a sequence of damages arising from

the same accident shall be 104 treated as due to that accident.

- In case of loss, such loss to be paid in thirty days after satisfactory proof of loss and interest shall have
- 106 been made and presented to this Company, (the amount of any indebtedness due this Company from the assured
- 107 or any other party interested in this policy being first deducted).
- Upon making payment under this policy the Company shall be vested with all of the assured's rights of re-
- 109 covery against any person, corporation, vessel or interst and the assured shall execute and deliver instruments
- 110 and papers and do whatever else is necessary to secure such rights.
- contract or act, past or future, expressed or implied, by the agreement, 111 assured whereby any right of re-
- 112 covery of the assured against any vessel, person or corporation is released, decreased, transferred or lost which
- 113 would, on payment of claim by this Company, belong to this Company but for such agreement, contract or act shall
- 114 render this policy null and void as to the amount of any such claim, but only to the extent and to the amount that
- 115 said agreement, contract or act releases, decreases, transfers, or causes the loss of
- any right of recovery of this 116 Company, but the Company's right to retain or recover the full premium shall not be affected.
- This Company shall have the option of naming the attorneys who shall represent the 117
- assured in the prosecution
- 118 or defense of any litigation or negotiations between the assured and third parties concerning any claim, loss or inter119 est covered by this policy, and this Company shall have the direction of such litigation or negotiations. If the assured
- 120 shall fail or refuse to settle any claim as authorized by the Company, the liability of
- the Company to the assured 121 shall be limited to the amount for which settlement could have been made.
- It is a condition of this policy that no suit, action or proceeding for the 122
- recovery of any claim for physical 123 loss of or damage to the vessel named herein shall be maintainable in any court of law or equity unless the same
- 124 be commenced within twelve (12) months next after the calendar date of the happening of the physical loss or
- 125 damage out of which the said claim arose. Provided, however, that if by the laws of the state within which this
- 126 policy is issued such limitation is invalid, then any such claim shall be void unless
- such action, suit or proceeding 127 be commenced within the shortest limit of time permitted, by the laws of such state, to be fixed herein.
- In event of damage, cost of repairs to be paid without deduction of one-third, new 128 for old.
- If claim for total loss is admitted under this policy and sue and labor expenses
- have been reasonably incurred in 130 excess of any proceeds realized or value recovered, the amount payable under this policy will be the proportion of
 131 such excess that the amount insured hereunder (without deduction for loss or damage)
- bears to the agreed valuation
- 132 or the sound value of the vessel named herein at the time of the accident, whichever value was greater.
- It is a condition of this insurance that this Company shall not be liable for unrepaired damage in addition
- 134 to a total or constructive total loss.
- No recovery for a constructive total loss shall be had hereunder unless the expense of recovering and re-136 pairing the vessel named herein shall exceed the agreed valuation.
- In ascertaining whether the vessel named herein is a constructive total loss the agreed valuation shall be 137
- 138 taken as the repaired value, and nothing in respect of the damaged or break-up value of the vessel or wreck shall

- 139 be taken into account.
- In the event of total or constructive total loss, no claim to be made by this Company for freight, whether
- 141 notice of abandonment has been given or not.
- Any deviation beyond the navigation limits provided herein shall void this policy; but on the return of the
- 143 vessel in a seaworthy condition, within the limits herein provided, this policy shall reattach and continue in full
- 144 force and effect, but in no case beyond the termination of this policy.
- Warranted by the assured that there shall be no other insurance covering physical loss or damage to the 145
- 146 vessel named herein other than that which is provided in lines 15 through 33 hereof but
- permission is granted 147 to carry other insurance of whatever kind or nature not covered by this policy or additional amounts of insurance
- 148 of the kind or nature covered by this policy other than as provided in lines 15 through 33.
- This insurance shall be void in case this policy or the vessel named herein, shall 149 be sold, assigned, transferred
- 150 or pledged, or if there be any change of management or charter of the vessel, without the previous consent in 151 writing of this Company.
- Notwithstanding anything to the contrary contained in this policy, this insurance 152 is warranted free from
- damage or expense caused by or resulting from capture, seizure, 153 any claim for loss, arrest, restraint or detainment,
- 154 or the consequences thereof or of any attempt thereat, or any taking of the vessel, by requisition or otherwise,
- 155 whether in time of peace or war and whether lawful or otherwise; also from all consequences of hostilities or war-
- 156 like operations (whether there be a declaration of war or not), but the foregoing shall not exclude collision or
- 157 contact with aircraft, rockets or similar missiles, or with any fixed or floating object (other than a mine or
- weather, fire or explosion unless caused directly (and 158 torpedo), stranding, heavy independently of the nature of
- 159 the voyage or service which the vessel concerned or, in the case of a collision, any other vessel involved therein;
- 160 is performing) by a hostile act by or against a belligerent power, and for the purpose of this warranty "power"
- 161 includes any authority maintaining naval, military or air forces in association with a power; also warranted free, 162 whether in time of peace or war, from all loss, damage or expense caused by any weapon
- of war employing atomic 163 or nuclear fission and/or fusion or other reaction or radioactive force or matter.
- Further warranted free from the consequences of civil war, revolution, rebellion, insurrection, or civil strife
- 165 arising therefrom, or piracy.
- If war risks are hereafter insured by endorsement on the policy, such endorsement 166 shall supersede the above
- 167 warranty only to the extent that their terms are inconsistent and only while such war risk endorsement remains
- 168 in force.
- Warranted free of loss or damage in consequence of strikes, lockouts, political or labor disturbances, civil
- 170 commotions, riots, martial law, military or usurped power or malicious acts.
- Either party may cancel this policy by giving ten days' notice in writing; if at the option of this Company 172 pro rata rates, if at the request of the assured short rates, will be charged-and arrival.
 - NAVIGATION LIMITS-SPECIAL CONDITIONS-ENDORSEMENT, ETC.

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Hull and Machinery, Etc. Schedule of Vessels

Vessel # 1.

Type/Descr: 97.2' Western-Rigged Dragger

Name: Atlantic

Name: Atlantic
Amount Insured Hereunder: 200,000
Agreed Valuation: 200,000
Lay-Up Period: From 00/00 to 00/00
Commercial Vessel Use Warranty: Commercial Fishing
Navigation Warranty: Eastport, ME to Cape Fear, NC not to exceed more than two hundred (200) miles off shore.
Premium: 6,000

Cancelling returns only.

Each vessel separately insured.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

AI OM 18 01 93

American Institute POLLUTION EXCLUSION CLAUSE (Liabilities)

To be attached to and form a part of Policy No. CHA 0111368 - 11 of

Acadia Insurance Company

Insuring Kavanagh Fisheries Inc.

This Policy will not indemnify the Assured against any sum(s) paid, nor insure against any liability, with respect to any loss, damage, cost, liability, expense, fine or penalty of any kind or nature whatsoever, and whether statutory or otherwise, incurred by or imposed on the Assured, directly or indirectly, in consequence of, or with respect to, the actual or potential discharge, emission, spillage or leakage upon or into the seas, waters, land or air, of oil, fuel, cargo, petroleum products, chemicals or other substances of any kind or nature whatsoever.

AI OM 33 01 93 87B-108

American Institute HULL WAR RISKS AND STRIKES CLAUSES (Including Automatic Termination and Cancellation Provisions) For Attachment to American Institute Hull Clauses December 1, 1977

To be attached to and form a part of Policy No. CHA 0111368 - 11 of the Acadia Insurance Company subject to the exclusions set forth herein, covers only This insurance, those risks which would be covered by the attached Policy (including collision liability) in the absence of the WAR, STRIKES AND RELATED EXCLUSIONS clause contained therein but which are excluded thereby and which risks shall be construed as also including: 1. Any mine, bomb or torpedo not carried as cargo on board the Vessel; 2. Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; 3. Civil war, revolution, rebellion, insurrection, or civil strife arising Civil therefrom; lockouts, 4. Strikes, lockouts, political or labor disturbances, civil commotions, riots, martial law, military or usurped power;
5. Malicious acts or vandalism to the extent only that such risks are not covered by the attached Policy;
6. Hostilities or warlike operations (whether there be a declaration of war or not) but this paragraph (6) shall not or not) but this paragraph (6) shall not include collision or contact with aircraft, rocket or similar missiles, or with any fixed or floating object, or stranding, heavy weather, fire or explosion unless caused directly by a hostile act by or against a belligerent power which act is independent of the nature of the voyage or service which the Vessel concerned or, in the case of a collision, any other vessel involved therein, is performing. As used herein, "power" includes any authority maintaining naval, military or air forces in association with a power.

EXCLUSIONS

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18 This insurance does not cover any loss, damage or expense caused by, resulting from, or incurred as a consequence 19

a. Any hostile detonation of any weapon of war described above in paragraph (2);

b. Outbreak of war (whether there be a declaration of war or not) between any of the following countries: United States of America, United Kingdom, France, the Union of Soviet Socialist Republics or the People's Republic of China;

c. Delay or demurrage;

d. Requisition or preemption;

restraint or detainment under customs or quarantine regulations e. Arrest, and similar arrests, restraints or detainments not arising from actual or impending hostilities;

f. Capture, seizure, arrest, restraint, detainment, or confiscation by the Government of the United States or of the country in which the Vessel is owned or registered.

HELD COVERED AND OTHER PROVISIONS

30 The held covered clause appearing under the heading ADVENTURE in the attached Policy is deleted and the following clause substituted therefore: --"Subject to the provisions of the Automatic Termination and Cancellation Clauses below, held covered in the event of any breach of conditions as to loading or discharging of cargo 32 33 at sea, or towage or salvage activities provided (a) notice is given to the Underwriters immediately following 34 receipt of knowledge thereof by the Assured, and (b) any amended terms of cover and any additional premium

Case 1:05-cy-10637-GAQ Pocument 32-4 Filed 06/30/2006 Page 4 of 4 agreed to by the Assured."

the natural expiry time of this insurance the Vessel is at sea, this 37

insurance will be extended, provided previous notice be given to the Underwriters, for an additional premium at a rate to be 38

named by the Underwriters, until midnight Local Time of the day on which the Vessel enters the next port to which she proceeds and for 24 hours thereafter, but

in no event shall such extension affect or postpone the operation of the Automatic Termination and Cancellation Clauses

41 below.

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- Warranted not to abandon in case of capture, seizure or detention, until after condemnation of the property insured. 42
- The provisions of the attached Policy with respect to constructive Total Loss shall apply only to claims arising from physical damage to the Vessel. 43

AUTOMATIC TERMINATION AND CANCELLATION CLAUSES

A. This insurance and any extension thereof, unless sooner terminated by the provisions of section B or C, shall terminate 45

automatically upon and simultaneously with the occurrence of any hostile detonation of any nuclear weapon of war

as defined above, wheresoever or whensoever such detonation may occur and whether or not the Vessel may be 47

48 involved.

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involved.
B. This insurance and any extension thereof, unless sooner terminated by the provisions of section A or C, shall terminate automatically upon and simultaneously with the outbreak of war, whether there be a declaration of war or not, between any of the following countries: United States of America, United Kingdom, France, the Union of Soviet Socialist Republics or the People's Republic of China.
C. This insurance and any extension thereof, unless sooner terminated by section A or B, shall terminate automatically 51

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53 A or B, shall terminate automatically 54

if and when the Vessel is requisitioned, either for title or use.

D. This insurance and any extension thereof may be cancelled at any time at the Assured's request, or by Underwriters 55 upon 14 days' written notice being given to the Assured, but in no event shall 56

such cancellation affect or postpone the operation of the provisions of sections A, B or C. Written or telegraphic notice sent to the Assured at his (its)

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last known address shall constitute a complete notice of cancellation and such 58 notice mailed or telegraphed to the said Assured, care of the broker who negotiated this insurance, shall have

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the same effect as if sent to the said Assured direct. The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date 60

and hour of cancellation shall be 14 days from midnight Local Time of the day 61

on which such notice was mailed or Underwriters agree, however, to reinstate this 62

telegraphed as aforesaid. Underwrinsurance subject to agreement between Underwriters and the Assured prior to the effective date and hour of such

cancellation as to new rate of premium and/or conditions and/or warranties.

RETURNS OF PREMIUM

The RETURNS OF PREMIUM clause of the attached Policy is deleted and the 65 following substituted therefore: --

"In the event of an automatic termination or cancellation of this insurance

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under the provisions of sections
A, B, C or D above, or if the Vessel be sold, pro rata net return of premium will be payable to the Assured, provided always that a Total Loss of the Vessel has not occurred during the currency of this Policy. In no 68

other event shall there be any return of premium." 69

- THIS INSURANCE SHALL NOT BECOME EFFECTIVE IF, PRIOR TO THE INTENDED TIME OF ITS 70 ATTACHMENT, THERE
- HAS OCCURRED ANY EVENT WHICH WOULD HAVE AUTOMATICALLY TERMINATED THIS INSURANCE 71 UNDER THE
- PROVISIONS OF SECTIONS A, B, OR C HEREOF HAD THIS INSURANCE ATTACHED PRIOR TO SUCH OCCURRENCE.

AI OM 37 01 93 SP-24

STRIKES, RIOTS, MALICIOUS MISCHIEF, VANDALISM ENDORSEMENT

Attached to Policy No. CHA 0111368 - 11 of the

Acadia Insurance Company

In consideration of \$ Included additional premium, this insurance is hereby extended to cover physical damage to or destruction of the property directly caused by strikers, locked-out workmen or persons taking part in labor disturbances or riots or civil commotions, vandalism, sabotage or malicious mischief and as so extended shall include such losses directly caused by acts committed by an agent of any government, party or faction engaged in war, hostilities or other warlike operations provided, such agent is acting secretly and not in connection with any operation of armed forces (whether military, naval or air forces) in the country where the property is situated. Nothing in the foregoing shall be construed to include any loss, damage or expense caused by or resulting from any of the risks or perils mentioned in the War Risk exclusion or Free of Capture or Seizure warranty of the policy to which this endorsement is attached, excepting only the acts of certain agents expressly covered above, but in no event shall this endorsement include any loss, damage or expense caused by or resulting from any weapon of war employing atomic fission or radioactive force whether in time of peace or war.

This endorsement may be cancelled at any time upon request of the Assured, the Company retaining or collecting the customary short rates for the time it has been in force; or, it may be cancelled by the Company by delivering or mailing to the last known address of the Assured five days' written notice of such cancellation and, if the premium has been paid, by tendering in cash, postal money order, or check, the pro rata unearned premium thereon.

Dated,			
Dacou,	 		

THEFT COVERAGE ENDORSEMENT

Attached to and forming part of CHA 0111368 - 11 of the Acadia Insurance Company.

Issued to: Kavanagh Fisheries Inc.

Effective Date: 02/28/2005

It is hereby understood and agreed that effective 02/28/05, and in consideration of premium charged, the following is to be attached to and forming part of the:

Taylor Hull Form 1953(Rev. 70) SP-38C

"THEFT" hereunder is defined as "damage to or loss of the entire vessel or electronics caused by the unlawful taking of the entire vessel or electronics",

"In consideration of the premium charged, it is hereby understood and agreed that this endorsement extends the commercial hull policy to cover damage to or loss of the entire vessel, or electronics, caused by the unlawful taking of the entire vessel or electronics".

The theft of the entire vessel shall be adjusted based on the insured value as stated in the commercial hull policy.

In the event of damage to the vessel resulting from theft of the entire vessel the hull deductible stated in the commercial hull policy shall apply for each occurrence that is reported.

Electronics shall be checked off on the application submitted to underwriters; if electronics are purchased and installed after the inception date of the policy, underwriters must be notified in writing, at which time an additional premium may be charged, coverage shall not apply unless underwriters receive notice.

Theft claims on electronics shall be adjusted on an Actual Cash Value basis. There must be visible marks of forcible entry or removal, or the entire vessel must be stolen. $\frac{$250}{}$ shall be deducted from the payment for each occurrence that is reported.

If the entire vessel or electronics is stolen and not recovered within 30 days after you present your theft claim to the appropriate law enforcement authority as well as to us or our agent, the property shall be considered totally lost.

"Warranted that the Company shall not be liable for the loss of or damage to fish; bait; fishing gear, including but not limited to, nets, doors; drags, rods, reels, and line; or gear not normally installed upon and made part of the insured vessel."

All other terms and conditions of the commercial hull policy shall apply to this endorsement.

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COMMERCIAL HULL ENDORSEMENT

Attached to and forming part of Policy Number CHA 0111368 - 11 of the Acadia Insurance Company.

Issued to: Kavanagh Fisheries Inc.

Effective Date: 02/28/2005

SPECIAL TERMS AND CONDITIONS

It is hereby understood and agreed that effective 02/28/05, the following warranties are to be attached to and made a part of the: Taylor Hull Form 1953 (Rev. 70) SP-39C

1. COMMERCIAL VESSEL USE WARRANTY:

Warranted that the insured vessels be used for no commercial purpose other than See Schedule and coverage shall not be provided for any other activity unless endorsed herein.

NAVIGATION WARRANTY: 2.

Warranted that the insured vessel be confined to See Schedule. It is further warranted that the insured vessel must return to a port of safe refuge once every twenty-four (24) hours.

3. LAY-UP WARRANTY:

Warranted that the insured vessel be laid up and in a state of decommission and not used by the Insured for any purpose whatsoever from See Schedule 12:01 am through See Schedule 12:01 am.

If the vessel is to be laid up and out of commission for the period shown above:

- it must be in a safe berth for storage ashore or afloat;
- if the vessel is laid up afloat, it must be covered and properly winterized for storage afloat. It also must be properly secured to a pier or float that is attached to a pier; it must not be ready for immediate use; it must not be used for living on board;
- 3.
- 4.
- 5. it must not be operated;
- all removable gear and equipment, including portable 6. electronics, must be removed from the vessel and safely stored ashore.

A vessel afloat on a mooring is not considered laid up and coverage is suspended during that time.

LINE 11:

It is hereby understood and agreed that line 11 of the Taylor Hull Form 1953 (Rev. 70), should the Taylor Hull Form be applicable, is amended to exclude coverage for dinghies, tenders, their outboards and equipment, unless coverage is specifically endorsed elsewhere within this policy.

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Warranted free of any liability of any nature whatsoever caused by or contributing to or arising from swimming, skin diving, snorkeling, SCUBA diving or any similar activities from the insured vessel.

CANCELLATION CLAUSE:

Notwithstanding anything else contained in this policy to the contrary, this policy may be cancelled by either party giving fifteen (15) days written or telegraphic notice to the other. Notice to the agent is deemed as being notice to the assured. If cancelled at the option of the Assured, short rates will be charged; if cancelled by these Assurers, pro rata rates will be charged. From all return premiums the same percentage of deduction (if any) shall be made as

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7. ACTUAL CASH VALUE WARRANTY:

Warranted subject to the terms and conditions of the policy to which this endorsement is attached, the Valuation on Outboard and Outdrive Units of Inboard Outboard Motors is amended to read:

We will pay losses on the basis of depreciated Actual Cash Value at the time of the loss, but not exceeding what it would cost to repair or replace the damaged or lost property with material of like kind and quality.

Our liability for any one loss will not exceed the amount of insurance listed for Hull and Equipment shown on the Declarations page.

SEAWORTHINESS WARRANTY: 8.

The Underwriters shall not be liable for any loss, damage or expense, arising out of the failure of the Assured to exercise due diligence to maintain the vessels in a seaworthy condition and in all respects fit, tight, and properly manned, equipped and supplied after attachment of this policy; without regard to the knowledge or privity of the Assured to the cause.

9. GEAR and CARGO EXCLUSION:

- Gear and Equipment Exclusion Warranted that the company shall not be liable for damage to:

 - bait or fish including the vessel's catch. fishing gear, including nets, doors, drags, rods and reels, and sein dories, that are not permanently installed and made part of the vessel while the equipment is actually being used in fishing operations.
- Cargo Exclusion this insurance is warranted free of all claims in conncetion with Cargo.
- Gear/Equipment ashore It is understood and agreed that any part of the vessel, it's equipment, boats and fishing gear, while separately stored ashore, shall be covered for the peril of fire only and is limited to 50% of the insured value of the vessel; the insured value of the vessel will be reduced by the value of the parts, equipment, boats and fishing gear separately stored ashore.

10. CLAIMS CO-OPERATION:

The Assured shall render every assistance to facilitate investigation or adjustment of claims or the effecting of settlements and to co-operate fully in the securing of evidence, the attendance of witnesses and the eliciting of information in defending such claims, including the prosecuting of appeals, it being understood that failure to comply fully with the provisions of this paragraph shall render the policy null and void and that, in the event, no further obligation of any character shall rest upon the company.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

CREW COVERAGE EXCLUSION ENDORSEMENT

Attached to and forming part of CHA 0111368 - 11 of the Acadia Insurance Company.

Issued to: Kavanagh Fisheries Inc.

Effective Date: 02/28/2005

It is hereby understood and agreed that effective 02/28/05, and in consideration of premium charged, the following is to be attached to and made part of the:

Coverage hereunder specifically <u>EXCLUDES</u> any and all liability for loss of life, or illness of, or inury to, hospital, medical or other expenses, for any paid Crew Member, Captain, Able Bodied Seaman, Deckhand, Engineer, Oiler, Wiper, Steward, Galley or Entertainment Personnel, or any other paid employees of the Assured, working aboard the insured vessel.

All other terms and conditions of the commercial hull policy shall apply to this endorsement.

This Policy of Insurance is issued by one of the following Companies as indicated on the first page of the Declarations:

Acadia Insurance Company
Acadia Underwriters
Berkley Underwriters Insurance Company
Continental Western Insurance Company
Firemen's Insurance Company of Washington, D.C.
Union Insurance Company

Branch Office Locations:

One Acadia Commons, P.O. Box 9010 Westbrook, ME 04098-5010

290 Donald Lynch Blvd. P.O. Box 9168 Marlborough, MA 01752-4710

200 Salina Meadows Parkway, Suite 250 Syracuse, NY 13212

Acadia Underwriters: 195 Scott Swamp Road, P.O. Box 4063 Farmington, CT 06034-4063 74 Gilman Road, Suite 2 Bangor, ME 04401

P.O. Box 9526 Manchester, NH 03108-9526

1775 Williston Road, P.O. Box 9500 South Burlington, VT 05407-9500

Administrative Offices for the above Companies are located at:

One Acadia Commons, P.O. Box 9010 Westbrook, ME 04098-5010

In Witness Whereof, the issuing Company has caused this Policy to be signed officially below; but this policy shall not be valid unless countersigned by the duly authorized Agent of this Company.

William C. Thornton President and Assistant

Secretary

Charles A. Hamblen Senior Vice President and Assistant Treasurer

PRIVACY NOTICE

(the "Company"), a member company of the W.R. Berkley Corporation ("Berkley") group of companies and each other member of the Berkley group of companies ("Affiliates") understands our customers' concern about privacy of their information collected by the Company. Our Company is dedicated to protecting the confidentiality and security of nonpublic personal information we collect about our customers in accordance with applicable laws and regulations. This notice refers to the Company by using the terms "us," "we," or "our." This notice describes our privacy policy and describes how we treat the nonpublic personal information about our customers that we receive from them ("Information").

Why We Collect and How We Use Information.

We collect and use Information for business purposes with respect to our insurance products and services and other business relations involving our customers. We gather this Information to evaluate your request for insurance, to evaluate your insurance claims, to administer, maintain, or review your insurance policy, and to process your insurance transactions. We also accumulate certain information about you as may be required or permitted by law.

Your insurance agent or broker also collects this Information and may use it to help with your overall insurance program or to market additional products and services to you. We may also use Information to offer you other products or services that we or our Affiliates provide.

How We Collect Information.

Most Information collected by us is provided by you or your insurance agent or broker to us. We obtain Information from (i) applications or other forms submitted by you, your insurance agent or broker or your authorized representatives to us and our Affiliates, and (ii) your transactions with us or our Affiliates. We may also obtain Information from other sources such as (i) consumer reporting agencies, (ii) other institutions or information services providers, (iii) employers, (iv) other insurers, or (v) your family members.

Information We Disclose

We disclose any Information which we believe is necessary to conduct our business as permitted by applicable law or where required by applicable law. This disclosure may include (i) Information we receive from you on applications or other forms provided to us and our Affiliates, such as names, addresses, social security numbers, assets, employer information, salaries, etc. (ii) Information about your transactions with us and our Affiliates, such as policy coverages, premiums, payment history, etc., and (iii) Information we receive from a consumer reporting agency, such as credit worthiness and credit history.

To Whom We Disclose Information

We may, as permitted or required by applicable law, disclose your Information to nonaffiliated third parties, such as (i) your insurance agent or broker, (ii) independant claims adjusters, (iii) insurance support organizations, (iv) processing companies, (v) actuarial organizations, (vi) law firms, (vii) other insurance companies involved in an insurance transaction with you, (viii) law enforcement, regulatory, or governmental agencies, (ix) courts or parties therein pursuant to a subpoena or court order, (x) businesses with whom we have a marketing agreement, or (xi) our Affiliates.

We may share Information with our Affiliates so that they may offer you products and services from the Berkley group of companies or to analyze our book of business and to consolidate necessary information. We do not disclose Information to other companies or organizations not affiliated with us for the purpose of using Information to sell their products or services to you. For example, we do not sell your name to unaffiliated mail order or direct marketing companies.

How We Protect Information

We require our employees to protect the confidentiality of Information as required by applicable law. Access to Information by our employees is limited to administering, offering, servicing, processing or maintaining of our products and services. We also maintain physical, electronic and procedural safeguards designed to protect Information. When we share or provide Information to other persons or organizations, we contractually obligate them, if required by law, to treat Information as confidential and conform to our privacy policy and applicable laws and regulations.

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Upon our receipt of your written request to us at P.O. Box 9010, Westbrook, ME 04098-5010, we will, generally, make available Information for your review. If you believe the Information we have about you is incorrect or inaccurate, you may request that we make any necessary corrections, additions or deletions. If we agree with your belief, we will correct our records if required by applicable law. If we do not agree, you may submit to us a short statement of dispute, which we will include in any future disclosure by us of such Information if required by applicable law.

Requirements for Privacy Notice

This privacy notice is being provided due to recently enacted federal and state laws and regulations establishing new privacy standards and requires us to provide this privacy policy. For additional information regarding our privacy policy, please write to us at P.O. Box 9010, Westbrook, ME 04098-5010.

Adopted: June 1, 2001

ZURICH

Zurich American Insurance Company 1400 American Lane, Schaumburg, Illinois 60196-1056

YOUR PREV. POL. NO.

Agent or Broker G&M MARINE, INC.
Office Address 818 Howard Avenue, Su
Town and State NEW ORLEANS, LA 70113 Suite 201

Town and State

Interest

FISHING VESSEL S/D

(per Form of Policy Attached)

Vessel

Amount Insured \$

1,000,000

Rate

Premium \$

43,500.00

Does Insure KAVANAGH FISHERIES, INC.

Whose Address is 84 FRONT STREET

NEW BEDFORD

MA 02740

February 28, 2005 from

at noon, to February 28, 2006 , at noon, Standard Time

at place of issuance, for the amount as shown above.

In consideration of the stipulations herein named and of the premium as shown above

This policy is made and accepted subject to the foregoing stipulations and conditions, which are hereby specially referred to and made a part of this policy, together with such other provisions, agreements or conditions as may be endorsed hereon or added hereto.

In Witness Whereof, this Company has executed and attested these present, but this policy shall not be valid unless countersigned by a duly authorized Agent of the Company.

New Orleans, La. February 28, 2005 Countersigned at



No. MH584241300

ZURICH

Zurich American Insurance Company

1400 American Lane, Schaumburg, Illinois 60196-1056

Assured

KAVANAGH FISHERIES, INC.

Interest

FISHING VESSEL S/D

Expires

February 28, 2006

Please Read Your Policy

ASSURED'S REPRESENTATIVE It is a condition of this policy that the person, firm or corporation procuring this insurance for the Assured is the agent and representative of the Assured, not of the insurance company or G & M Marine, Inc.

in all transactions relating hereto.

2H-1000 01 97

DISCLOSURE NOTICE TERRORISM RISK INSURANCE ACT OF 2002 REJECTION OF OUR OFFER OF COVERAGE

You did not accept our offer of coverage for certified acts of terrorism, as defined in and certified under the Terrorism Risk Insurance Act of 2002. Therefore, this policy does not provide such coverage. This policy contains one or more exclusions that apply to certified acts of terrorism.

If you were not made aware of our offer of coverage for certified acts of terrorism, or believe that this notice was included in this policy in error, please notify your agent or broker immediately.

Name of Insured:

KAVANAGH FISHERIES, INC.

Policy Number:

MH584241300

Effective Date:

02-28-05

Processing Date:

03-01-05

TAYLOR 1953 (Rev. 70)

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Whose address is

SP-39C

1	In consideration of the	premium and the	stipulations, terms	and conditions hereinafter	mentioned, this Company
	does hereby insure: Assured -	KAVANAGH	FISHERIES,	INC.	
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84 FRONT STREET NEW BEDFORD MA 02740

7 Loss, if any payable to -ASSURED AND/OR ORDER, A.T.I.M.A.

8 "ATLANTIC" 10 Upon the

Her hull, tackle, apparel, engines, boilers, machinery, appurtenances, equipment, stores, boats and furniture 11 February 28, 2005 From the Beginning and Ending 12 at noon Standard Time February 28, 2006 at address of assured Until the 13

AMOUNT INSURED HEREUNDER	RATE	PREMIUM	AGREED VALUATION
1,000,000	4.25%	\$ 43,500.00	1,000,000

Touching the adventures and perils which this Company is contented to bear and take upon itself, they are of the waters named herein, fire, lightning, earthquake, assailing thieves, jettisons, barratry of the master and mariners and all other like perils that shall come to the hurt, detriment or damage of the vessel named herein.

This insurance also covers loss of or damage to the vessel named herein caused by explosion on shipboard or elsewhere.

This insurance also covers loss of or damage to the vessel named herein directly caused by:

Accidents in loading, discharging or handling cargo, or in bunkering;

Accidents in going on or off, or while in drydocks, graving docks, ways, marine railways, gridirons or

Breakdown of motor generators or other electrical machinery and electrical connections thereto, bursting of boilers, breakage of shafts, or any latent defect in the machinery or hull, (excluding the cost and expense of replacing or repairing the defective part);

Breakdown or of accidents to nuclear installations or reactors not on board the vessel named herein;

Contact with aircraft, rockets or similar missiles, or with any land conveyance;

Negligence of charterers and/or repairers, provided such charterers and/or repairers are not assured(s) hereunder;

Negligence of master, mariners, engineers or pilots;

provided such loss or damage has not resulted from want of due diligence by the assured, the owners or managers of the vessel, or any of them.

General average, salvage and special charges payable as provided in the contract of the affreightment, or failing such provision, or there be no contract of affreightment, payable in accordance with the laws and usages of the Port of New York. Provided that always when an adjustment according to the laws and usages of the port of destination is properly demanded by the owners of the cargo, general average shall be paid in accordance with same.

And it is further agreed that if the vessel named herein and/or her tow, if any, shall come into collision with any other ship or vessel other than her tow, if any, and the assured in consequence of the vessel named herein being at fault shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in respect of such collision, this Company will pay its proportion of such sum or sums so paid as the amount insured hereunder bears to the agreed value of the vessel named herein, provided always that this Company's liability in respect of any one such collision shall not exceed the amount insured hereunder. And in cases where the liability of

the vessel named herein has been contested or proceedings have been taken to limit liability, with the consent in writing of this Company, this Company will also pay a like proportion of the costs which the assured will thereby incur, or be compelled to pay; but when both vessels are to blame, then, unless the liability of the owners of one or both such vessels becomes limited by law, claims under this Collision Liability Clause shall be settled on the principle of crossliabilities as if the owners of each vessel had been compelled to pay the owners of the other of such vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance 51 or sum payable by or to the assured in consequence of such collision. Provided always that this clause in no case extend to any sum which the assured may directly, indirectly or otherwise incur or become liable to pay or 53 shall pay for: removal, destruction or abatement of, or any attempt or failure or neglect to remove, destroy or abate 54 obstruction or wrecks and/or their cargos or any hazard resulting therefrom; loss of, or damage to, or expense, including demurrage and/or loss of use thereof, in connection with any fixed or movable object, property or thing of whatever nature (excepting other vessels and property thereon); loss of or damage to her tow; cargo, baggage 57 or engagements of the vessel named herein or of her tow; or for any loss of life of, or injury to, or illness of, 58 any person. And provided also that in the event of any claim under this clause being made by anyone other than the owners of the vessel named herein, he shall not be entitled to recover in respect of any liability to which the owners of the vessel as such would not be subject, nor to a greater extent than the owners would be entitled in such event to recover.

In any case of loss or misfortune it shall be lawful and necessary for the assured, their factors, servants and assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the vessel named herein, or any part thereof, without prejudice to this insurance, to the charges whereof this Company will contribute as hereinafter provided. It is agreed that the acts of the assured or this Company, or their agents, in recovering, saving and preserving the property insured in case of disaster shall not be considered a waiver or an acceptance of an abandonment, nor as affirming or denying any liability under this policy; but such acts shall be considered as done for the benefit of all concerned, and without prejudice to the rights of either party.

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Warranted that in case of any casualty or loss which may result in claim under this policy the assured shall give this Company prompt notice thereof and reasonable opportunity to be represented on a survey of the damage, each party to name a surveyor, which two surveyors shall proceed to draw specifications as to the extent of the damage and the work required to make the damage good. If the two surveyors agree, such specifications shall be binding on both this Company and the assured, subject nevertheless to policy terms and conditions and the question of whether or not the disaster and the resulting loss or damage are covered by this policy. In the event the two surveyors cannot agree, they must select an umpire, and in the event they cannot agree upon an umpire, either party hereto may apply to the United States District Court for the district in which the home port of the vessel named herein is located for the appointment of an umpire, pursuant to the United States Arbitration Act. The decision of the umpire so appointed shall have the same force and effect as the specifications aforesaid. When specifications have been drawn in either of the modes aforesaid, if the Company shall be dissatisfied with the terms which the assured may obtain for the repair of the damage as specified by said survey, then this Company may require the surveyors or the umpire to submit the specifications prepared as aforesaid to such shipyard, repairmen, boat builders and shipwrights, as may be selected by such surveyors or the umpire, with a request for bids for such repairs. If after reception of such bids, the assured shall elect to accept some other bid other than that of the lowest bidder, this Company shall be liable only for its proportion of so much of the sum actually expended to effect repairs specified by the surveyors for its account as does not exceed said lowest bid. In no event however shall this Company respond for an amount in excess of its proportion of the amount actually expended by the assured in effecting such repairs.

With respect to physical loss or damage to the vessel named herein this Company shall be liable only for such proportion of such loss or damage as the amount insured hereunder bears to the agreed valuation.

In the event of expenditure under the sue and labor clause, this Company will pay the proportion of such expenses that the amount insured hereunder bears to the agreed valuation of the vessel named herein, or that the amount insured hereunder, less loss and/or damage payable under this policy, bears to the actual value of the salved vessel, whichever proportion shall be less.

When the contributory value of the vessel named herein is greater than the agreed valuation stated herein the liability of this Company for general average contribution (except in respect of amount made good to the vessel) or salvage shall not exceed that proportion of the total contribution due from the vessel that the amount insured hereunder bears to the contributory value; and if because of damage for which this Company is liable as particular average the value of the vessel has been reduced for the purpose of contribution, the amount of the particular average claim under this policy shall be deducted from the amount of insured hereunder and this Company shall be liable only for the proportion which such net amount bears to the contributory value.

The sum of 20,000 shall be deducted from the total amount of any or all claims (including claims for sue and labor, collision liability, general average and salvage charges) resulting from any one accident. This

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deduction does not apply to claims for total or constructive total loss. For the purpose of this clause each accident shall be treated separately, but it is agreed that a sequence of damages arising from the same accident shall be 104 treated as due to that accident.

In case of loss, such loss to be paid in thirty days after satisfactory proof of loss and interest shall have been made and presented to this Company, (the amount of any indebtedness due this Company from the assured or any other party interested in this policy being first deducted).

Upon making payment under this policy the Company shall be vested with all of the assured's rights of recovery against any person, corporation, vessel or interest and the assured shall execute and deliver instruments 109 and papers and do whatever else is necessary to secure such rights. 110

Any agreement, contract or act, past or future, expressed or implied, by the assured whereby any right of re-112 covery of the assured against any vessel, person or corporation is released, decreased, transferred or lost which 113 would, on payment of claim by this Company, belong to this Company, but for such agreement, contract or act shall 114 render this policy null and void as to the amount of any such claim, but only to the extent and to the amount that 115 said agreement, contract or act releases, decreases, transfers or causes the loss of any right of recovery of this 116 Company, but the Company's right to retain or recover the full premium shall not be affected.

This Company shall have the option of naming the attorneys who shall represent the assured in the prosecution 118 or defense of any litigation or negotiations between the assured and third parties concerning any claim, loss or interest covered by this policy, and this Company shall have the direction of such litigation or negotiations. If the assured 120 should refuse or fail to settle any claim as authorized by the Company, the liability of the Company to the assured 121 shall be limited to the amount for which the settlement could have been made.

It is a condition of this policy that no suit, action or proceeding for the recovery of any claim for physical loss of or damage to the vessel named herein shall be maintainable in any court of law or equity unless the same be commenced within twelve (12) months next after the calendar date of the happening of the physical loss or damage out of which the said claim arose. Provided, however, that if by the laws of the state within which this policy is issued such limitation in invalid, then any such claim shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted, by the laws of such state, to be fixed herein.

In event of damage, cost of repairs to be paid without deduction of one-third, new for old.

If claim for total loss is admitted under this policy and sue and labor expenses have been reasonably incurred in excess of any proceeds realized or value recovered, the amount payable under this policy will be the proportion of such excess that the amount insured hereunder (without deduction for loss or damage) bears to the agreed valuation or the sound value of the vessel named herein at the time of the accident, whichever value was greater.

It is a condition of this insurance that this Company shall not be liable for unrepaired damage in addition 134 to a total or constructive total loss.

No recovery for a constructive total loss shall be had hereunder unless the expense of recovering and repairing the vessel named herein shall exceed the agreed valuation.

In ascertaining whether the vessel named herein is a constructive total loss the agreed valuation shall be 137 138 taken as the repaired value, and nothing in respect of the damaged or break-up value of the vessel or wreck shall 139 be taken into account.

In the event of total or constructive total loss, no claim to be made by this Company for freight, whether notice of abandonment has been given or not.

142 Any deviation beyond the navigation limits provided herein shall void this policy; but on the return of the vessel 143 in a seaworthy condition, within the limits herein provided, this policy shall reattach and continue in full 144 force and effect, but in no case beyond the termination of this policy.

145 Warranted by the assured that there shall be no other insurance covering physical loss or damage to the 146 vessel named herein other than that which is provided in lines 15 through 33 hereof but permission is granted 147 to carry other insurance of whatever kind or nature not covered by this policy or additional amounts of insurance 148 of the kind or nature covered by this policy other than as provided in lines 15 through 33.

149 This insurance shall be void in case of this policy or the vessel named herein, shall be sold, assigned, transferred 150 or pledged, or if there be any change of management or charter of the vessel, without the previous consent in 151 writing of this Company.

Notwithstanding anything to the contrary contained in this policy, this insurance is warranted free from

	any claim for loss, damage or expense caused by or resulting from capture, seizure, arrest, restraint or detainment,
154	or the consequences thereof or of any attempt thereat, or any taking of the vessel, by requisition or otherwise,
155	whether in time of peace or war and whether lawful or otherwise; also from all consequences of hostilities or war-
156	like operations (whether there be a declaration or war or not), but the foregoing shall not exclude collision or
157	contact with aircraft, rockets or similar missiles, or with any fixed or floating object (other than a mine or
158	torpedo), stranding, heavy weather, fire or explosion unless caused directly (and independently of the nature of
	the voyage or service which the vessel concerned or, in the case of a collision, any other vessel involved therein,
	is performing) by a hostile act by or against a belligerent power, and for the purpose of this warranty "power"
161	includes any authority maintaining naval, military or air forces in association with a power; also warranted free,
162	whether in time of peace or war, from all loss, damage or expense caused by any weapon of war employing atomic
163	or nuclear fission and/or fusion or other reaction or radioactive force or matter.

Further warranted free from the consequences of civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy.

If war risk are hereafter insured by endorsement on the policy, such endorsement shall supersede the above warranty only to the extent that their terms are inconsistent and only while such war risk endorsement remains in force.

Warranted free from loss or damage in consequence of strikes, lockouts, political or labor disturbances, civil commotions, riots, martial law, military or usurped power or malicious acts.

Either party may cancel this policy by giving ten days' notice in writing; if at the option of this Company pro rata rates, if at the request of the assured short rates, will be charged - and arrival.

NAVIGATION LIMITS - SPECIAL CONDITIONS - ENDORSEMENTS, ETC.

Attached to and made part of Policy No. MH584241300

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of the ZURICH AMERICAN INS CO

Case 1:05-cv-10637-GAO Document 32-8 Filed 06/30/2006 Page 3 of 4 **G & M MARINE, INC.**

(COMMERCIAL FISHING VESSEL APPLICATION)
(PLEASE PRINT OR TYPE ANSWERS)

I. GENERAL INFORMATION:

	Kavanagh Fisheries Inc					
FULL NAME & ADDRESS OF OWNER(S):	04 Front Street					
	New Bedford, MA 02740					
VESSEL OPERATOR:	NAME: Peter Barcz	AGE: 51				
	EXPERIENCE: 30 years fishing 20 years as Captain					
AREA OF NAVIGATION:	Eastport, ME to Cape Fear, NC not more than 200 miles offsore					

II. VESSEL SPECIFICATIONS:

VESSEL(S)NA	ME:	F/V A	TLAN	LANTIC					REGISTRA	ATION NO:	9170	80
HOMEPORT:		New I	lew Bedford, MA						YPE OF FISHING Scalloper/E ESSEL/OPERATION:			
YEAR BUILT:	198	87	BUILT BY:									
WHERE CONSTRUCTED/ ORIGINALLY BUILT: Houma, LA					IF REBUILT: (When and Where):							
DIMENSIONS: (Length/Breadth/Depth): 97.2 x 28 x 13.6					CTION: l/Fiberglass):	Steel						
GRT: 166	N	ET:	113		VESSEL (New or U		HASED:			DATE PURCHASE	D:	
PURCHASE CURRENT MARKET PRICE: VALUE:				\$1,800,000 REPLACEMENT COST VALUE: \$2,400		\$2,400,000						
DATE OF LAST SURVEY: Jan			Janu	ary 2	20, 2004 IS ROUTIN PERFORM				NTENANCE	Yes		

III. INSURANCE REQUIREMENTS:

(A) Hull & Machinery:

CURRENT HULL 2/28/05 EXPIRATION DATE:			CURRENT AND/OR LAST HULL INSURER:		CENTENNIA	L VIA G & M
INSURED VALUE REQUESTED:		\$1,000,0000	HULL DEI		OUCTIBLE:	\$20,000
LOSS PAYEES IF ANY:	Assured.					
-	First Inst	rance Funding C	orp.	· ·		

(B) Protection & Indemnity:

CURRENT P&I EXPIRATION DATE:	2/28/05	CURRENT AND/OR LAST P&I INSURER		NNIAL	
LIMIT REQUESTED AND/OR REQUIRED:	\$250,000		P&I DEDUC	TIBLE:	\$2,500
NUMBER OF CREW (Excluding Captain):	5-7 (6)	TOTAL ² NUME CREW TO BE		5-7 (6)	

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G & M MARINE, INC.

(COMMERCIAL FISHING VESSEL APPLICATION)

III. INSURANCE REQ	UIREMENT	S: (Continued fo	or Account of) <u>Kava</u>	inagh Fishei	ries, Inc.
(C) Other Insurance R	equirements:	2703	33635 84 55	sion Liability	(3) War Risk
IS BREACH OF WARRAN' INSURANCE REQUIRED?		LIMIT	/AMOUNT REQUIRED:	N/A	
FULL NAME & ADDRESS	OF MORTGA	GEE(S):			
<i>y</i>					
IS EXCESS COLLISION	No		IS HULL WAR & P&I	Yes	
LIABILITY REQUIRED?	7.00	nsured Hull Value)	WAR RISK REQUIRE	D?	
IV. LOSS INFORMATA	ION:				
NAME AND DESCRIBE A NONE, PLEASE STATE NO		VESSELS CURREN	NTLY OWNED OR OPE	RATED IN TI	HE PAST FIVE (5) YEARS (IF
F/V MARY K LOSSES	ON FILE WIT	H G&M		14	
F/V MORA K					
	NED BY THE	S OWNER ON TH	IS OR ANY OTHER VE	SSEL FOR T	ID OUTSTANDING, INSURED HE PAST FIVE (5) YEARS, IF ACHMENT.
DATE OF LOSS:		AMOUNT PAID OR RESERVED:			
I understand that the for the Company pro forfeited if I have con	viding such cealed or m	insurance. T isrepresented a	he entire policy shad ny material fact of ci	ll be void a ircumstance	and coverage will be in this application.
Insurer obliged to acc			is not ootigen to put	renuse ine	insurance nor is inc
SUBMITTING PRODUC	CER: Smit	hwick & Mariner	s Insurance, Inc.		
SIGNATURE OF APPLI	CANT:	Yel III	L		
PRINTED NAME:	Law	rence P. Kavanag	h, Jr.		
DATE:		12/29	(04		

P&I 1955 SP-38

PROTECTION AND INDEMNITY CLAUSES

1 2	Assured	KAVANAGH	FISHERIES,	INC.									
3	Address	NEW BEDFO	RD MA 0	2740	84 FRONT ST	REET							
5	Loss, if any, payable to -ASSURED AND/OR ORDER, A.T.I.M.A.						and						
7 8	From th Until th	February February			at noor	ning and Ending n Standard Time e of issuance							
9 10 11 12 13	Amount hereby insured \$ 250,000 Combined Single Limit, Per Occurrence Rate CHRG Premium 30,050.00 In consideration of the premium and subject to the warranties, terms and conditions herein mentioned, this Company hereby undertakes to pay up to the amount hereby insured and in conformity with lines 5 and 6 hereof, such sums as the assured, as owner of the "ATLANTIC"												
14 15	Loss of life of, or injury to, or illness of, any person; Hospital, medical, or other expenses necessarily and reasonably incurred in respect of loss of life of, in-												
16 17 18	jury to, or illness of any member of the crew of the vessel named herein; Loss of, or damage to, or expense in connection with any fixed or movable object or property of whatever												
19 20 21	Costs or expenses of, or incidental to, the removal of the wreck of the vessel named herein when such removal is compulsory by law; provided, however, that there shall be deducted from such claim the value												
22 23 24 25 26 27	Fines and penalties, including expenses reasonably incurred in attempting to obtain the remission or mitigation of same, for the violation of any of the laws of the United States, or of any state thereof, or of any foreign country; provided, however, that this Company shall not be liable to indemnify the assured against any such fines or penalties resulting directly or indirectly from the failure, neglect, or default of the assured or his managing officers or managing agents to exercise the highest degree of diligence to prevent a violation of any such laws;												
28 29 30	Costs and expenses, incurred with the Company's approval, of investigating and/or defending any claim or suit against the assured arising out of a liability or an alleged liability of the assured covered by this policy.												
31 32	Notwith	tanding the forego				20 and 20 nor for the fi	rst \$ 20,000						
33 34 35 36	of claims covered by any other parts of this policy, but, in no event shall the deductible exceed \$ 20,000 each occurrence. (For the purpose of this clause, each occurrence shall be treated separately, but a series of claims hereunder arising from the same occurrence shall be treated as due to that occurrence.)												
37	Loss of, or damage sustained by the vessel named herein or her tackle, apparel, furniture, boats, fittings, equipment, stores, fuel, provisions or appurtenances;												
38 39	Loss resulting from cancellation of charters, non-collectibility of freight, bad debts, insolvency of agents or others, salvage, general average, detention, loss of use or demurrage of the vessel named herein;												
40 41 42	Any loss, damage, expense or claim with respect to any vessel or craft in tow of the vessel named herein and/or cargo thereon; provided this exclusion shall not apply to salvage services rendered in an emergency to a ship or vessel in distress, nor to loss of life and/or injury to, or illness of any person;												
43 44 45	Any claim for loss of, damage to, or expense in respect of cargo on board the vessel named herein; Any claim arising directly or indirectly under the Longshoremen's and Harbor Workers' Compensation Act or any workmen's compensation act of any state or nation;												
46 47 48	Any liability assumed by the assured beyond that imposed by law; provided however that if by agreement, or otherwise, the assured's legal liability is lessened, then this Company shall receive the benefit of such lessened liability.												
49	An	loss, damage or e	expense sustair	ned by reaso	on of any taking of	the vessel by requisition	or other-						

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50 wise, civil war, revolution, rebellion, or insurrection, or civil strife arising therefrom, capture, seizure, 51 arrest, restraint or detainment, or the consequences thereof or of any attempt thereat; or sustained in con-52 sequence of military, naval or air action by force of arms; or sustained or caused by mines or torpedoes or 53 other missiles or engines of war, whether of enemy or friendly origin; or sustained or caused by any weapon 54 of war employing atomic fission or atomic fusion or radioactive material; or sustained in consequence of placing the vessel in jeopardy as an act or measure of war taken in the actual process of a military engage-55 56 ment, including embarking or disembarking troops or material of war in the immediate zone of such engage-57 ment; and any such loss, damage and expense shall be excluded from this policy without regard to whether 58 the assured's liability in respect thereof is based on negligence or otherwise, and whether in time of peace 59 60

Any loss, damage, expense or claim collectible under the Taylor 1953 (Rev 70) form of policy, whether or not the vessel named herein is actually covered by such insurance and regardless of the amount thereof.

Warranted that in the event of any occurrence which could result in a claim under this policy the assured promptly will notify this Company upon receiving notice thereof and forward to this Company as soon as practicable all communications, processes, pleadings or other legal papers or documents relating to such oc-

Whenever required by this Company, the assured shall aid in securing information and evidence and in obtaining witnesses and shall cooperate with this Company in the defense of any claim or suit or in the appeal from any judgment.

This Company shall have the option of naming the attorneys who shall represent the assured in the prosecution or defense of any litigation or negotiations between the assured and third parties concerning any claim covered by this policy, and shall have the direction of such litigation or negotiations. If the assured shall fail or refuse to settle any claim as authorized by this Company, the liability of this Company shall be limited to the amount for which settlement could have been made. The assured shall at the option of this Company permit this Company to conduct, with an attorney of this Company's selection, at this Company's cost and expense and under its exclusive control, a proceeding in the assured's name to limit the assured's liability to the extent, and in the manner provided by the present and any future statues relative to the limitation of a shipowner's

79 Liability hereunder in respect of loss, damage, costs, fees, expenses or claims arising out of or in consequence of 80 any one occurrence is limited to the amount hereby insured. (For the purpose of this clause each occurrence 81 shall be treated separately, but a series of claims hereunder arising from the same occurrence shall be treated 82 as due to that occurrence.)

83 The assured shall not make any admission of liability, either before or after any occurrence with could result in a claim for which this Company may be liable. The assured shall not interfere in any negotiations of this Company, for settlement of any legal proceedings in respect of any occurrence for which this 85 Company may be liable under this policy; provided, however, that in respect of any occurrence likely to give rise to a claim under this policy, the assured is obligated to and shall take such steps to protect his and/or the 87 Company's interests as would reasonably be taken in the absence of this or similar insurance.

89 Upon making payment under this policy this Company shall be vested with all of the assured's rights of recovery 90 against any person, corporation, vessel or interest and the assured shall execute and deliver such instruments 91 and papers at this Company shall require and do whatever else is necessary to secure such rights.

92 No action shall lie against this Company for the recovery of any loss sustained by the assured unless

such action is brought within one year after the entry of any final judgment or decree in any litigation against the 93 assured, or in the event of a claim without the entry of such final judgment or decree, unless such action is 95 brought within one year from the date of the payment of such claim.

No claim or demand against this Company under this policy shall be assigned or transferred, and no person shall acquire any right against this Company by virtue of this insurance without the express consent of this 97 98 Company.

It is expressly understood and agreed if and when the assured has any interest other than as a shipowner in the vessel named herein, in no event shall this Company be liable hereunder to any greater extent than if the assured were the sole owner and entitled to petition for limitation of liability in accordance with present and 101 102 future law.

103 Where the assured is, irrespective of this policy, covered or protected against any loss or claim which would otherwise have been paid by this Company, under this policy, there shall be no contribution or participation by this Company on the basis of excess, contributing, deficiency, concurrent, or double insurance or otherwise. 105

The navigation limits in the policy covering the hull, machinery, etc. of the vessel named herein are considered 107 incorporated herein.

This insurance shall be void in case the vessel named herein, or any part thereof, shall be sold, transferred or mortgaged, or if there be any change of management or charter of the vessel, or if this policy be assigned or

110 pledged, without the previous consent in writing of this Company.

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111 Either party may cancel this policy by giving ten days' notice in writing; if at the option of this Company

112 pro rata rates, if at the request of the assured short rates, will be charged and arrival.

SPECIAL CONDITIONS - WARRANTIES - ENDORSEMENTS, ETC.

114 Attached to and made part of Policy No.MH584241300 of the ZURICH AMERICAN INS CO

GM FV

General Terms, Conditions and Warranties Fishing Vessel Clauses

Applicable to both Hull and Machinery and Protection and Indemnity Portions of this Policy

ALL CAPTIONS ARE INSERTED ONLY FOR PURPOSE OF REFERENCE AND SHALL NOT BE USED TO INTERPRET THE CLAUSES TO WHICH THEY APPLY.

DEFINITION OF "COMPANY" AND "UNDERWRITER" CLAUSE

The terms "Company" and "Underwriter" may be used interchangeably within this policy. The policy includes, but is not limited to, the Application, Statement of Compliance of Recommendations, and the following clauses. "Company" and "Underwriter" mean, when used herein, ZURICH AMERICAN INS CO.

SERVICE CLAUSE

Assured warrants that the vessel(s) insured herein shall be used only for commercial fishing purposes. It is further warranted by the Assured that the vessel(s) insured herein shall not be used for private pleasure purposes, and the vessel(s) insured herein shall not be hired or chartered for any purposes without prior written consent of the Company. This insurance does not cover losses, liabilities, claims, damages, costs or expenses which accrue when the vessel(s) is used for private pleasure purposes without prior written consent of the Company or when the vessel(s) has been hired or chartered without prior written consent of the Company.

NAVIGATIONAL LIMITS (TRADING WATERS) CLAUSE

Assured warrants that the operation of the vessel(s) shall be confined to the Gulf of Llexico and those navigable waters immediately adjacent thereto not south of 20° north latitude (but including the Gulf of Campeche) nor east of 80° west longitude (but excluding Cuban waters). This insurance does not cover ally loss, liability, damage, claim, cost, or expense which accrues, occurs or alises when the vessel(s) is operated outside the navigational limits defined within the assured's warranty unless prior written cousent of the Company is given.

CAPTAIN AND CREW (P&I) CLAUSE

If an owner or part owner of the insured vessel(s) is a Captain or a member of the crew of the insured vessel(s), or an owner or part owner of the vessel(s) is acting as Captain or member of the crew of an insured vessel(s), coverage under the Protection & Indemnity Section of this policy is limited to maintenance and cure for the owner and/or part owner. This provision applies whether the vessel(s) is owned by a corporation, partnership, individual or individuals.

TOTAL ON BOARD WARRANTY

Notwithstanding anything contained herein to the contrary, it is warranted that the total number of persons aboard the vessel(s) named herein at any one time shall not exceed __7___.

VESSEL STABILITY WARRANTY

It is warranted by the Assured that any additions, installations, and/or structural changes to any vessel(s) insured, which would affect the stability of the vessel(s), will be reported to the Company before the vessel(s) proceeds to sea. It is further warranted by the Assured that the insured Vessel(s) will not proceed to sea until the stability of the insured vessel(s) has been examined and approved by a qualified marine surveyor. Any violations of this warranty shall void coverage under this policy from the time of such violation, notwithstanding anything contained to the contrary herein.

WARRANTY OF SEAWORTHINESS CLAUSE

Assured warrants that at the inception of this policy the vessel(s) insured hereunder shall be in a seaworthy condition and, thereafter, during the currency of this policy, the Assured warrants that he will exercise due diligence to keep the vessel(s) seaworthy and in all respects fit, tight and properly manned, equipped and supplied. The Assured further warrants that the Assured and/or the Assured's Master will not knowingly permit the vessel(s) insured hereunder to proceed to sea in an unseaworthy condition. Any violation of this warranty of seaworthiness shall void coverage under this policy from the time of such violation, notwithstanding anything contained to the contrary herein.

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GM FV

PREMIUM EARNED CLAUSE

In the event of a total or constructive total loss of the vessel named herein, policy will be cancelled effective date of loss with no premium returned.

COMBINED SINGLE LIMIT (P&I) CLAUSE

Regardless of the number of types of liabilities insured against hereunder or the number of vessels or risks involved, the total limit of liability of this Company with respect to any occurrence shall be the Amount hereby insured as set forth by Line 9 of the SP-38 P&I form to which this endorsement is attached. Included in the Amount hereby insured shall be all costs of investigation, costs of litigation, cost of bonds, Attorneys' fees for defense, opinions or evaluation of claims and amounts needed to settle claims or pay judgments. The amount available with which to fund any settlements or pay any judgments shall be the amount insured less all costs of investigation, costs of litigation, costs of bonds, Attorneys' fees for defense, opinions or evaluation of claims. This provision shall control the amount available to pay claims or discharge liability under any judgment irrespective of whether claim and/or suit is against the Assured only or against the Company only or against the Assured and the Company. (For the purpose of this clause each occurrence shall be treated separately, but a series of claims hereunder arising from the same occurrence shall be treated as due to that occurrence.)

PROHIBITED WATERS AND ILLICIT TRADE WARRANTY CLAUSE

This insurance shall not cover loss, damage or expense in consequence of seizure or detention for or on account of any illicit or prohibited trade nor for entering nor for the consequence of entering any prohibited fishing waters nor for violations of any port regulation nor for any claims for wages or provisions furnished to officers or crew whilst the property insured hereunder may be detained as the result of any violation, seizure, detention, loss or disaster or during any subsequent salvage and/or repairs. Notwithstanding the foregoing, loss of life, personal injury and sickness shall not be considered a consequence of entering prohibited fishing waters unless occurring in evading or attempting to evade or escaping from or attempting to escape from arrest, seizure or detention.

DELIBERATE DAMAGE (POLLUTION HAZARD) CLAUSE

In consideration of the premium paid, and subject to the terms and conditions of this policy, this insurance also covers physical loss of or damage to the vessel(s) directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard or threat thereof resulting directly from damage to the vessel(s) for which the Company is liable under this policy provided such act of governmental authorities has not resulted from want of due diligence by the Assured, the owners or managers of the vessel(s) or any of them to prevent or mitigate such threat. Masters, officers, crew or pilots are not to be considered owners within the meaning of this clause even if they hold shares in the vessel(s).

POLLUTION EXCLUSION CLAUSE

Notwithstanding anything herein to the contrary, this policy will not indemnify the Assured against any sum(s) paid, nor insure against any liability, with respect to any loss, damage, cost, liability, expense, fine or penalty of any kind or nature whatsoever, and whether statutory or otherwise, incurred by or imposed on the Assured, directly or indirectly, in consequence of, or with respect to, the actual or potential discharge, emission, spillage or leakage upon or into the seas, waters, land or air of oil, petroleum products, chemicals or other substances of any kind or nature whatsoever.

CARGO EXCLUSION

No claim shall in any case be allowed against this policy for loss, liability, damage, cost, or expense incurred by the Assured or any other person or entity that may make claim under this policy, in respect to catch and cargo. This insurance is warranted free of any liability imposed on the Assured arising out of the sale and/or consumption of any catch of any insured vessel(s).

FISHING AND TRAWLING GEAR EXCLUSION

No claim shall in any case be allowed against this policy for loss of, damage to, or expense in connection with fishing or trawling gear during or as a result of fishing operations. "Fishing gear" and "trawling gear" are defined for the purpose of this clause to include, but such definition is not limited to, lines, nets, trawls, rigging, tackle, booms, doors, outriggers, and attached appurtenances.

ANCHORS OR CABLES EXCLUSION

Notwithstanding anything contained herein to the contrary, this policy does not insure against physical loss of or damage to anchors or anchor cables unless the insured vessel(s) is deemed a total loss hereunder.

SCALLOPING OR CLAMMING EXCLUSION

WARRANTED that the vessel named herein shall at no time during the currency of this policy engage in scalleping or clamming.

MINOR EXCLUSION

It is understood and agreed there shall be no recovery under this policy for any and all loss, liability, damage, costs, or expenses incurred with respect to persons of seventeen (17) years of age or less ("Minors") employed or otherwise on board the insured vessel(s). The Assured may be covered under this policy for any loss, liability, damage, costs or expenses incurred in respect to a "Minor" if the "Minor" is employed as a member of the crew of the insured vessel(s), for an additional premium of \$2,500.00. If the Assured pays the additional premium of \$2,500.00 to cover a "Minor" employed as a member of the crew of the Insured vessel(s), the limit of liability hereunder shall not exceed \$25,000.00 with respect to any one "Minor" nor a total of \$25,000.00 if more than one "Minor" is employed on the insured vessel(s).

PUNITIVE DAMAGES EXCLUSION

There shall in no circumstances be any recovery from the Company under this policy for liability imposed upon the Assured as punitive, exemplary, or treble damages, however described. In addition, there shall in no circumstances be any recovery from the Company for legal fees and expenses incurred in defending a claim for punitive, exemplary, or treble damages

FIFTY-FIVE GALLON GASOLINE WARRANTY

WARRANTED that there shall not be gasoline in total quantity exceeding fifty-five gallons on board; and the supply outside of that contained in motor and its connections is to be kept in an approved type of metal container.

SMOKE ALARM CLAUSE WARRANTY

WARRANTED that at the minimum, one smoke alarm is installed in the galley, is fully audible in all crew berths and is maintained and checked to be in operative condition at all times.

HIGH WATER BILGE ALARM SYSTEM WARRANTY

Assured warrants that a high water bilge alarm system is properly installed in the engine room of the insured vessel(s), is fully audible throughout the vessel, and is maintained in a fully operative condition. Failure of the Assured to comply with this warranty, whether before or after a loss, will result in forfeiture of coverage under this policy, which otherwise was provided.

EPIRB WARRANTY

WARRANTED that the Insured vessel(s) has on board an operating FCC-type, accepted category 1, float - free, automatically-activated, Emergency Position Indicating Radio Beacon (EPIRB) as required by Federal Regulation 46 C.F.R., Subpart 25.26, as amended, or any other Federal Regulation that may have been subsequently promulgated

SURVEY CLAUSE

The Company has the right to appoint a surveyor of its choice to inspect the insured vessel(s) at any time. The Assured shall cooperate with the Company in making the insured vessel(s) available for survey. All recommendations involving the seaworthiness or safety of the insured vessel(s) made by a surveyor acting on behalf of the Company must be completed as soon as practicable but, in any event, prior to any further commercial fishing operations.

APPLICATION CLAUSE

It is hereby agreed that the application is attached to and made a part of this policy. The Assured warrants that all of the information on the application is true, correct, and complete to the best of the Assured's knowledge. The Assured agrees that his statements in the application are warranties and statements of material facts of the Assured, and that this policy is issued by the Company in reliance upon the truth of such warranties and statements of material facts; the Assured agrees that this policy embodies all agreements existing between the Assured and the Company relating to this insurance and any oral agreement or writing relating to the insurance shall not bind the Company and the Assured unless incorporated into the insurance policy. The Assured agrees and understands that if the Assured has concealed or misrepresented any material fact or circumstance, or conceals or misrepresents any material fact or circumstance during the applicable term of this insurance, coverage under this policy will be forfeited whether before or after a loss, which otherwise was provided.

MISREPRESENTATION CLAUSE

If the Assured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject matter thereof, or in case of any fraud, attempted fraud, or false swearing by the Assured, touching any matter related to this insurance or to the subject thereof, whether before or after a loss, coverage under this policy will be forfeited, which otherwise was granted.

CANCELLATION CLAUSE

Either Party may cancel this insurance by giving to the other ten (10) days notice in writing; if at the option of this Company, pro rata rates will be charged, but if cancelled:

- for non-payment of premium, or
- 2. at the request of the Assured, or
- 3. for any other reason, including but not limited to failure of the Assured to make the vessel available for survey within thirty (30) days of inception of this policy or failure to comply with Surveyor's Recommendations within thirty (30) days after notice,

this Company to return 6.25% of the premium - net to the Assured - for each uncommenced month remaining - and arrival. In the event of total loss or constructive total loss due to perils insured against, prior to cancellation of this policy or otherwise, the full annual premium shall be deemed earned by the Company. The Company shall be entitled to deduct the amount of the full annual premium remaining unpaid at the time of the loss from any payment to the Assured made pursuant to this policy.

NON-PAYMENT OF PREMIUM - FIVE DAYS NOTICE:

In the event that the full annual premium for this policy has not been received by G & M Marine, Inc., on or before thirty (30) days after attachment, this policy may be cancelled by G & M Marine, Inc., for NON-PAYMENT OF PREMIUM by giving five (5) days notice to the Assured or to ______ SMITHWICK & MARINERS INS ______, which (5) days notice to the Assured or to _ latter entity is acknowledged to be the Agent of the Assured, in which event this company shall credit the Assured with 6.25% of the annual premium charged for each period of thirty (30) consecutive days remaining under this policy - and arrival.

SAVING CLAUSE

To the extent that any of the clauses contained within the General Terms, Conditions and Warranties (GM FV) section of this policy conflict with any of the clauses contained within the other portions of this policy, the clauses contained within the General Terms, Conditions and Warranties (GM FV) section are to govern.

Where portions of the General Terms, Conditions and Warranties (GM FV) section concern the same subject matter as other portions of the policy, but the two clauses or sections can be reconciled without voiding one clause or section, the two clauses or sections should be read and applied together to give meaning to both clauses or sections.

To the extent that any of the clauses or provisions contained within this policy are illegal or void as a matter of public policy, law, or regulation, they are to be reformed to bring them into compliance with the applicable public policy, law, or regulation. Notwithstanding the foregoing, all clauses or provisions contained within the policy that are legal and proper are to be given full force and effect regardless of whether one or more clauses or provisions are illegal or void as a matter of public policy, law or regulation.

Each vess	el deemed a	separate insura	ance.		
All other terms and conditions remain unchanged.					
Attached to	and forming	part of Policy	No	МН584241300	
Of the	ZURICH	AMERICAN	INS	CO	

American Institute Hull War Risks and Strikes Clauses

(Including Automatic Termination and Cancellation Provisions) For Attachment to American Institute Hull Clauses December 1, 1977

To be attached to and form a part of Policy No. MH584241300 of the ZURICH AMERICAN INS CO	
This insurance, subject to the exclusions set forth herein, covers only those risks which would be covered by the Attached Policy (including collision liability) in the absence of the WAR, STRIKES AND RELATED EXCLUSIONS contained therein but which are excluded thereby and which risks shall be construed as also including: 1. Any mine, bomb or torpedo not carried as cargo on board the Vessel; 2. Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; 3. Civil war, revolution, rebellion, insurrection, or civil strife arising therefrom; 4. Strikes, lockouts, political or labor disturbances, civil commotions, riots, martial law, military or usurped power; 5. Malicious acts or vandalism to the extent only that such risks are not covered by the attached Policy; 6. Hostilities or warlike operations (whether there be a declaration of war or not) but this paragraph (6) shall not include collision or contact with aircraft, rockets or similar missiles, or with any fixed or floating object, or stranding, heavy weather, fire or explosion unless caused directly by a hostile act by or against a belligerent power which act is independent of the nature of the voyage or service which the Vessel concerned or, in the case of a collision, any other vessel involved therein, is performing. As used herein, "power" includes any authority maintaining naval, military or air forces in association with a power.	clause 4
EXCLUSIONS	
This insurance does not cover any loss, damage or expense caused by, resulting from, or incurred as a consequence	
 Of: a. Any hostile detonation of any weapon of war described above in paragraph (2); b. Outbreak of war (whether there be a declaration of war or not) between any of the following countries: United States of America, United Kingdom, France, the Union of Soviet Socialist Republics or the People's Republic of China; c. Delay or demurrage; d. Requisition or preemption; e. Arrest, restraint or detainment under customs or quarantine regulations and similar arrests, restraints or detainments not arising from actual or impending hostilities; f. Capture, seizure, arrest, restraint, detainment, or confiscation by the Government of the United States or of the country in which the Vessel is owned or registered. 	19 20 22 23 24 25 26 27 28
HELD COVERED AND OTHER PROVISIONS	
The held covered clause appearing under the teaching ADVENTURE in the attached Policy is deleted and the following clause substituted therefore: "Subject to the provisions of the Automatic Termination and Cancellation Clauses below, held covered in the event of any breach of conditions as to loading or discharging of cargo at sea, or towage or salvage activities Provided (a) notice is given to the Underwriters immediately following receipt of knowledge thereof by the Assured, and (b) any amended terms of cover and any additional premium required by the Underwriters are agreed to by the Assured."	30 31 32 33 34 35
If at the natural expiry time of this insurance the Vessel is at sea, this insurance will be extended, provided previous Notice be give to the Underwriters, for an additional premium at a rate to be named by the Underwriters, until midnight Local Time of the day on which the Vessel enters the next port to which she proceeds and for 24 hours thereafter, but in no event shall such extension affect or postpone the operation of the Automatic Termination and Cancellation Clauses below.	37 38 39 40 41
Warranted not to abandon in case of capture, seizure or detention, until after condemnation of the property insured. The provisions of the attached Policy with respect to constructive Total Loss shall apply only to claims arising from physical damage to the Vessel.	42 43 44

AUTOMATIC TERMINATION AND CANCELLATION CLAUSES

- A. This insurance and any extension thereof, unless sooner terminated by the provisions of section B or C, shall terminate automatically upon and simultaneously with the occurrence of any hostile detonation of any nuclear weapon of war as defined above, wheresoever or whensoever such detonation may occur and whether or not the Vessel may be involved.
- B. This insurance and any extension thereof, unless sooner terminated by the provisions of section A or C, shall terminate automatically upon and simultaneously with the outbreak of war, whether there be a declaration of war or not, between any of the following countries: United States of America, United Kingdom, France, and the Union of Soviet Socialist Republics or the People's Republic of China.
- C. This insurance and any extension thereof, unless sooner terminated by section A or B, shall terminate automatically if and when the Vessel is requisitioned, either for title or use.
- D. This insurance and any extension thereof may be cancelled at any time at the Assured's request, or by Underwriters upon 14 days' written notice being given to the Assured, but in no event shall such cancellation affect or postpone the operation of the provisions of sections A, B or C. Written or telegraphic notice sent to the Assured at his (its) last known address shall constitute a complete notice of cancellation and such notice mailed or telegraphed to the said Assured, care of the broker who negotiated this insurance, shall have the same effect as if sent to the said Assured direct. The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date and hour of cancellation shall be 14 days from midnight Local Time of the day on which such notice was mailed or telegraphed as aforesaid. Underwriters agree, however, to reinstate this insurance subject to agreement between Underwriters and the Assured prior to the effective date and hour of such cancellation as to new rate of premium and/or conditions and/or warranties.

RETURNS OF PREMIUM

The RETURNS OF PREMIUM clause of the attached Policy is deleted and the following substituted therefore:-	65
"In the event of an automatic termination or cancellation of this insurance under the provisions of sections	66
A, B, C or D above, or if the Vessel be sold, pro rata net return of premium will be payable to the Assured,	67
provided always that a Total Loss of the Vessel has not occurred during the currency of this Policy. In no	68
other event shall there be any return of premium."	69
THIS INSURANCE SHALL NOT BECOME EFFECTIVE IF, PRIOR TO THE INTENDED TIME OF ITS ATTACHMENT, THERE	70
HAS OCCURRED ANY EVENT WHICH WOULD HAVE AUTOMATICALLY TERMINATED THIS INSURANCE UNDER THE	71

PROVISIONS OF SECTIONS A, B, OR C HEREOF HAD THIS INSURANCE ATTACHED PRIOR TO SUCH OCCURRENCE.

October 1, 1959

WAR RISK PROTECTION & INDEMNITY CLAUSES

A. This insurance is also to cover the liability of the assured for Protection and Indemnity Risks excluded from Marine Protection and Indemnity Policies commonly issued by stock insurance companies in the United States by the following or a substantially similar F. C. & S. Clause:

"Notwithstanding anything to the contrary contained in this policy, no liability attaches to the company, directly or indirectly, for or in respect of any loss, damage or expense sustained by reason of any taking of the vessel by requisition or otherwise, civil war, revolution, rebellion, or insurrection, or civil strife arising therefrom, capture, seizure, arrest, restraint or detainment, or the consequences thereof or of any attempt thereat; or sustained in consequence of military, navel or air action by force of arms, including mines and torpedoes or other missiles or engines of war, whether of enemy or friendly origin; or sustained in consequence of placing the vessel in jeopardy as an act or measure of war taken in the actual process of a military engagement, including embarking or disembarking troops or material of war in the immediate zone of such engagement; and any such loss, damage and expense shall be excluded from this policy without regard to whether the Assured's liability therefor is based on negligence or otherwise, and whether before or after a declaration of war."

- B. This insurance also to cover liability of the assured for strikes, riots and civil commotions and for contractual repatriation expenses of any member of the crew as a result of perils excluded by the aforesaid F. C. & S. Clause.
- C. Claims for which these Underwriters shall be liable under these clauses shall not be subject to any deduction.
- D. The liability of Underwriters under these clauses in respect of any one accident or series of accidents arising out of the same casualty shall be limited to the sum hereby insured.
- E. These Underwriters agree to accept the same percentage interest under these clauses as accepted on Hull War Risks.
- F. This Protection and Indemnity Insurance shall terminate automatically at the same time as the Hull Insurance against War Risks and upon the terms and conditions provided for in the Automatic Termination Clauses of the Hull War Risk Policy.
- G. Notwithstanding the provisions of Clause F, in the event of loss or shipwreck of the vessel from any cause prior to the natural expiry time or automatic termination of this policy, this insurance shall continue to cover the liability of the assured to the crew of the insured vessel, subject to its terms and conditions and at an additional premium if so required by Underwriters, until the crew shall be either discharged or landed at a port or place to which the owners or charterers are obligated to bring them.
- H. Notwithstanding any of the foregoing provisions all liabilities covered by the Second Seamen's form of policy are excluded from this insurance.

All other terms and conditions remaining unchanged.

G & M MARINE, INC.

The following spaces preceded by an asterisk (*) need not be completed if this endorsement and the policy have the same inception date.

Attached to and Forming Part of Policy No.

*Effective Date of Endorsement *Issued To

MH584241300

02-28-05

KAVANAGH FISHERIES, INC.

(For Taylor Hull Clauses) TERRORISM RISK INSURANCE ACT OF 2002 CERTIFIED ACTS OF TERRORISM EXCLUSION

Notwithstanding anything to the contrary contained in this policy, this insurance is warranted free from any claim for loss, damage or expense caused by or resulting from any certified act of terrorism. As used herein, "certified act of terrorism" means any act of terrorism as defined in and certified under the federal Terrorism Risk Insurance Act of 2002, or any of its amendments.

Case 1:05-cv-10637-GAO Document 32-12 Filed 06/30/2006 Page 1 of 4 G & MMARINE, INC.

The following spaces preceded by an asterisk (*) need not be completed if this endorsement and the policy have the same inception date.			
	Attached to and Forming Part of Policy No.	*Effective Date of Endorsement	*Issued To
	MH584241300	02-28-05	KAVANAGH FISHERIES, INC.

(For Protection and Indemnity Clauses SP-38) TERRORISM RISK INSURANCE ACT OF 2002 CERTIFIED ACTS OF TERRORISM CLAUSE

It is understood and agreed that notwithstanding any other terms and conditions contained in the attached Policy, this Company will not pay for any loss, damage, expense or claim with respect to or arising directly or indirectly out of any certified act of terrorism. For the purpose of this clause, "certified act of terrorism" means any act of terrorism as defined in and certified under the federal Terrorism Risk Insurance Act of 2002, or any of its amendments.

American Institute S.R. & C.C. Endorsement (Hulls) September 8, 1959

87 B-46 (Revised)

In consideration of an additional premium, as provided below, this insurance is extended to cover additional risks, from and after (INCEPTION)

in accordance with the following clause:-

"This insurance also covers damage to or destruction of the property insured directly caused by strikers, locked out workmen, or persons taking part in labor disturbances or riots or civil commotions or caused by vandalism, sabotage, or malicious mischief, but excluding civil war, revolution, rebellion or insurrection, or civil strife arising therefrom, and warranted free from any claim for delay, detention or loss of use, and free from all loss, damage or expense caused by any weapon of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter.

Notwithstanding the exclusions in the F. C. & S. Clause in the within policy 'vandalism,' 'sabotage,' and 'malicious mischief,' as used herein, shall be construed to include wilful or malicious physical injury to or destruction or the described property caused by acts committed by an agent of any Government, party or faction engaged in war, hostilities, or other warlike operations, provided such agent is acting secretly and not in connection with any operations of military or naval armed forces in the country where the described property is situated."

Until further notice the Assured shall pay, for the additional protection afforded by the above clause, an additional premium of INCLUDED percent. The Underwriters have the right nevertheless to change this rate at any time on 15 days written notice to the Assured; but the Assured shall have the option to cancel this endorsement as of the time when such change of rate would take effect, provided previous notice of such cancellation be given to the Underwriters. The rate may be changed as above notwithstanding strikes, labor troubles or civil commotions, on board the vessel or elsewhere, may be threatened or actually exist either at the time when such notice is given or when it takes effect.

Radioactive Contamination Exclusion Clause

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

- 1. In no case shall this insurance cover loss, damage, liability, or expense directly or indirectly caused by or contributed to, by, or arising from:
 - ionizing radiations from or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel;
 - 1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
 - 1.3 any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- 2. Clause 1 above is amended, however, to provide that

if fire is an insured peril

and

where the subject matter insured is within the United States of America, its islands, territories, or possessions

and

a fire arises directly or indirectly from one or more of the clauses detailed in Subclauses 1.1. and 1.2 above, any loss or damage arising directly from that fire shall, subject to the provisions of this insurance, be covered, EXCLUDING, however, any loss, damage, liability or expense caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from that fire.

R.A.C.E. (7/02)

SUPPLEMENTAL TERMS AND CONDITIONS

Reference Number: MH584241300

Name Insured: KAVANAGH FISHERIES, INC. Date: February 28, 2005

IT IS UNDERSTOOD AND AGREED THAT FIRST INSURANCE FUNDING CORP., WILL BE NAMED AS AN ADDITIONAL LOSS PAYEE ONLY IN THE EVENT OF A TOTAL OR CONSTRUCTIVE TOTAL LOSS OF THE VESSEL NAMED HEREIN.

NAVIGATION WARRANTY: WARRANTED by the Assured Navigation of the vessel named herein confined to the Atlantic Ocean, including its bays, rivers, sounds and harbors, between 35 degrees N. Latitude and 46 degrees N. Latitude not E. of 50 degrees W. Longitude but not to exceed 200 miles offshore.

IT IS UNDERSTOOD AND AGREED THAT THE AMERICAN INSTITUTE WAR RISK CLAUSES FOR HULL AND P&I ARE ATTACHED TO AND MADE A PART OF THE POLICY HEREIN WITH LIMITS, RATES AND PREMIUMS AS AGREED AND AS BELOW:

LIMIT:

\$1,000,000.

RATE:

.10%

PREMIUM:

\$1,000.

IT IS HEREBY NOTED AND AGREED THAT WHEREVER THE POLICY PERIOD APPEARS HEREIN, IT SHALL BE DEEMED TO READ 12:01 A.M. STANDARD TIME IN LIEU OF 12:00 NOON STANDARD TIME.

NAMED PERILS MACHINERY CLAUSE: WARRANTED NOT LIABLE FOR LOSS OR DAMAGE TO MACHINERY AND APPURTENANCES UNLESS CAUSED BY STRANDING, SINKING, FIRE, COLLISION WITH ANOTHER VESSEL, OR STRIKING OF A SUBMERGED OBJECT.

Form DEF-0033

PAGE: 1 OF 1

U569610

PAGE NO 1 OF 6

390 CRA CRAVEN AND PARTNERS LIMITED

U569610

Declaration to Excess Liability Cover U402570

TYPE:

Liability Insurance.

FORM:

MAR 91 Slip Policy.

ASSURED:

Kavanagh Fisheries, Inc

VESSEL:

f/v Atlantic

PERIOD:

12 months at 12.01 A.M. 28th February 2005 Local Standard

Time.

INTEREST:

Excess Protection and Indemnity Risks including Crew,

Excess P&I War Risks, Excess Collision Liability Excess of

Hull Value or US\$750,000 whichever the greater.

LIMIT OF

LIABILITY:

US\$250,000 any one accident or occurrence, Combined

Single Limit.

EXCESS OF:

US\$750,000 any one accident or occurrence, Combined

Single Limit.

CONDITIONS:

All terms, clauses and conditions as and to follow the

underlying.

Excluding Liability to and/or of Nets and Gear.

Excluding illegal Fishing. Excluding Cargo and/or Catch.

Excluding Liability for punitive or exemplary damages, including treble damages or any other damages resulting

from multiplication of compensatory damages.

NMA2970 US Terrorism Risk Insurance Act of 2002 Not

Purchased Clause.

Excluding Seepage and Pollution / OPA/WQIS/CERCLA. Occupational Disease Exclusion (1.7.87) as attached.

Absolute Asbestos Exclusion as attached. Institute Service of Suit Clause (USA) CL. 355.

Brokers Cancellation Clause as attached.

Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion

Clause CL 370 10/11/03.

Institute Cyber Attack Exclusion Clause CL 380 10/11/03. Water Craft Terrorism Exclusion Endorsement 30/04/03 as

attached.

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POLICY NO/REGISTRATION NO:

U569610

PAGE NO 2 OF 6

390 CRA CRAVEN AND PARTNERS LIMITED

CONDITIONS

CONTINUED:

LSW1001 (Insurance) Several Liability Notice 08/94.

LSW986A Single Policy Only For Composite Assureds

09/97.

CHOICE OF LAW

& JURISDICTION:

Massachusetts, USA

PREMIUM:

US\$9,050 in full per annum (including US\$50 in respect of 1

AIS Observer). Cancelling Returns only.

US CLASSIFICATION:

Non-regulated.

DISCOUNTS:

As cover.

INFORMATION:

Crew:

5-7.

Primary Carrier:

Zurich American Insurance

Company.

Claims record:

No losses over US\$50,000 last five

years

Estimated fishing days: 92 Scalloping and 27 Pair trawling

U569610

PAGE NO 3 OF 6

390 CRA CRAVEN AND PARTNERS LIMITED

ABSOLUTE ASBESTOS EXCLUSION

Notwithstanding anything to the contrary as contained in this policy, it is hereby understood and agreed that this policy shall not apply to:

Bodily injury or Personal injury or loss of, damage to or loss of use of property directly or indirectly caused by asbestos.

OCCUPATIONAL DISEASE EXCLUSION

Notwithstanding anything else to the contrary as contained in this policy, it is hereby understood and agreed that this policy is subject to the following exclusions and that this policy shall not apply to:

- 1. Any liability of whatsoever nature of the Assured, whether for damages, maintenance and cure, fines and penalties or funeral expenses, arising out of loss of life of, or injury to, or illness of, any person due to occupational and/or industrial diseases gradually contracted from the character of his present or prior employment because thereof, and incidental thereto and whether or not such employment be in the service of the Assured or otherwise, and
- Any cost and expenses of investigating and/or defending any claim or suit against the 2. Assured arising out of a liability or alleged liability of the Assured excluded above.

BROKERS CANCELLATION CLAUSE

It is hereby agreed between the Underwriters and the Assured that in the event of the Assured, or their Agents on whose instructions insurance may have been effected, failing to pay Craven and Partners Limited, the premium or any instalment thereof on the due date, this policy may be forthwith cancelled by Craven and Partners Limited, giving to the Underwriters notice in writing, and the Underwriters will thereupon return, to the Brokers through whom this policy is effected, pro rata premium from the date of notice or from such later date as cancellation may be required in the said notice.

U569610

PAGE NO 4 OF 6

390 CRA CRAVEN AND PARTNERS LIMITED

WATER CRAFT TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

Any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

London, 30th April 2003

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POLICY NO/REGISTRATION NO: U569610

PAGE NO 5 OF 6

390 **CRA** CRAVEN AND PARTNERS LIMITED

SCHEDULE OF LLOYD'S UNDERWRITERS

SHARE (%)	PSEUDONYM	SYNDICATE NO	REFERENCE	
39.2158%	LSM	282	5504430104TI	
21.5686%	XL	1209	07X37129K08Z	
19.6078%	AML	2001	LSU0280704XD	
19.6078%	HIS	33	87773VXAAMPC	
100.000%	of limit contained herein			

Filed 06/30/2006

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POLICY NO/REGISTRATION NO:

U569610

PAGE NO 6 OF 6

390 CRA CRAVEN AND PARTNERS LIMITED

U.S. TERRORISM RISK INSURANCE ACT OF 2002 NOT PURCHASED CLAUSE

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002" and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002".

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

30/05/03 NMA2970 Case 1:05-cv-10637-GAO Document 32-14 Filed 06/30/2006 Page 1 of 6

POLICY NO/REGISTRATION NO:

U569620

PAGE NO 1 OF 6

390 CRA CRAVEN AND PARTNERS LIMITED

U569620

Declaration to Excess Liability Cover U402580

TYPE:

Liability Insurance.

FORM:

MAR 91 Slip Policy.

ASSURED:

Kavanagh Fisheries, Inc

VESSEL:

f/v Atlantic

PERIOD:

12 months at 12.01A.M. 28th February 2005 agreed Local

Standard Time.

INTEREST:

Excess Protection and Indemnity Risks including Crew, Excess P&I War Risks, Excess Collision Liability Excess of

Hull Value or US\$1,000,000 whichever the greater.

LIMIT OF

LIABILITY:

US\$4,000,000 any one accident or occurrence, Combined

Single Limit.

EXCESS OF:

US\$1,000,000 any one accident or occurrence, Combined

Single Limit.

CONDITIONS:

All terms, clauses and conditions as and to follow the

underlying.

Excluding Liability to and/or of Nets and Gear.

Excluding illegal Fishing. Excluding Cargo and/or Catch.

Excluding Liability for punitive or exemplary damages, including treble damages or any other damages resulting

from multiplication of compensatory damages.

NMA2970 US Terrorism Risk Insurance Act of 2002 Not

Purchased Clause.

Excluding Seepage and Pollution / OPA/WQIS/CERCLA. Occupational Disease Exclusion (1.7.87) as attached.

Absolute Asbestos Exclusion as attached. Institute Service of Suit Clause (USA) CL.355.

Brokers Cancellation Clause as attached.

Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion

Clause CL 370 10/11/03.

Institute Cyber Attack Exclusion Clause CL 380 10/11/03. Water Craft Terrorism Exclusion Endorsement 30/04/03 as

attached.

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POLICY NO/REGISTRATION NO:

U569620

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390 CRA CRAVEN AND PARTNERS

LIMITED

CONDITIONS

CONTINUED:

LSW1001 (Insurance) Several Liability Notice 08/94.

LSW986A Single Policy Only For Composite Assureds

09/97.

CHOICE OF LAW

& JURISDICTION:

Massachusetts, USA

PREMIUM:

US\$7,150 in full per annum (including US\$50 in respect of 1

AIS Observer). Cancelling Returns only.

US CLASSIFICATION:

Non-regulated.

DISCOUNTS:

As cover.

INFORMATION:

Crew:

5-7.

Primary Carrier:

Zurich American Insurance

Company.

Claims record:

No losses over US\$50,000 last five

years

Estimated fishing Days: 92 Scalloping and 27 Pair trawling

Filed 06/30/2006

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POLICY NO/REGISTRATION NO:

U569620

PAGE NO 3 OF 6

390 CRA CRAVEN AND PARTNERS LIMITED

ABSOLUTE ASBESTOS EXCLUSION

Notwithstanding anything to the contrary as contained in this policy, it is hereby understood and agreed that this policy shall not apply to:

Bodily injury or Personal injury or loss of, damage to or loss of use of property directly or indirectly caused by asbestos.

OCCUPATIONAL DISEASE EXCLUSION

Notwithstanding anything else to the contrary as contained in this policy, it is hereby understood and agreed that this policy is subject to the following exclusions and that this policy shall not apply to:

- Any liability of whatsoever nature of the Assured, whether for damages, maintenance
 and cure, fines and penalties or funeral expenses, arising out of loss of life of, or
 injury to, or illness of, any person due to occupational and/or industrial diseases
 gradually contracted from the character of his present or prior employment because
 thereof, and incidental thereto and whether or not such employment be in the service
 of the Assured or otherwise, and
- 2. Any cost and expenses of investigating and/or defending any claim or suit against the Assured arising out of a liability or alleged liability of the Assured excluded above.

BROKERS CANCELLATION CLAUSE

It is hereby agreed between the Underwriters and the Assured that in the event of the Assured, or their Agents on whose instructions insurance may have been effected, failing to pay Craven and Partners Limited, the premium or any instalment thereof on the due date, this policy may be forthwith cancelled by Craven and Partners Limited, giving to the Underwriters notice in writing, and the Underwriters will thereupon return, to the Brokers through whom this policy is effected, pro rata premium from the date of notice or from such later date as cancellation may be required in the said notice.

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PAGE NO 4 OF 6

390 CRA CRAVEN AND PARTNERS LIMITED

WATER CRAFT TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

Any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

London, 30th April 2003

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POLICY NO/REGISTRATION NO:

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390 CRA CRAVEN AND PARTNERS LIMITED

SCHEDULE OF LLOYD'S UNDERWRITERS

SHARE (%)	PSEUDONYM	SYNDICATE NO	REFERENCE
20.3391%	AML	2001	LSB0280805QE
18.6441%	XL	1209	07X37131R08Z
16.9491%	HIS	33	87774EXAAMPC
16.9491%	WTK	457	941D449941XX
13.5593%	MLM	1221	L1W599MA3927
13.5593%	SJG	2724	427T00116315

100.000%

of limits contained herein

U569620

PAGE NO 6 OF 6

390 CRA CRAVEN AND PARTNERS LIMITED

U.S. TERRORISM RISK INSURANCE ACT OF 2002 NOT PURCHASED CLAUSE

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002" and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002".

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

30/05/03 NMA2970